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NEWS SUMMARY

GENERAL

Bombs blast Ulster train

Three bombs exploded on the Dublin to Belfast express train only a few hundred yards from the end of its journey. A woman was killed and at least six were injured, three seriously.

There was confusion over a bomb warning telephoned to the Samaritans. Police said the first bomb went off before they reached the train, which had stopped in a deep cutting.

Lord Killanin, president of the International Olympic Committee and a banker, was in the next carriage to the first bomb. He was on a monthly visit to Belfast for a bank meeting.

Twenty dead on tanker

At least 20 people were killed and 70 injured by a boiler room explosion aboard the Liberian-registered tanker Spyros, under repair in Singapore. The Spyros is managed by the Niarchos group.

Sweden Decides

The Speaker has asked Sweden's Liberal leader Ola Ullstein to form a new Government and the Social Democrats said they would not oppose a Liberal one-party administration.

Telegraph still out

The Daily Telegraph dispute worsened when 240 London members of the National Graphical Association voted not to meet for another week. The Telegraph has not appeared since Wednesday of last week. **Back Page**

Belgium talks

King Badouin began talks with political leaders in an effort to resolve the government crisis brought on by the resignation of the coalition led by Prime Minister Leo Tindemans. **Page 3**

Carter warning

President Carter opened the Egypt-Israel peace talks in Washington with a warning that a treaty would be only one step towards a full Middle East settlement. **Back Page**

Guard killed

Security guard John Potter died after being shot when a gang stole £5,685 which was being delivered to Northfield underground station in London.

Beirut move

Jordan is likely to send troops to join the Arab peace-keeping force in Lebanon in response to a request from President Sarkis, who returned from his Arab tour with little prospect of a settlement. **Page 4**

Minister quits

Zambian Finance Minister John Mwanakatwe confirmed that he is retiring from politics for health reasons and will not stand in the December general election.

Yen to escape

National Police Agency in Tokyo said that an average of six Japanese vanish every day to escape moneylenders, of which there are 167,555 registered in Japan. More than 3,000 of these have connections with crime syndicates.

Briefly . . .

Bishop Abel Muzorewa left Salisbury to join Rhodesia's mission in the U.S. **Smith fails to persuade, Page 4**

South Africa's ban on the novel Peyton Place was lifted 21 years after publication.

A 1923 Rolls-Royce Cabriolet fetched £16,200 at Phillips, London.

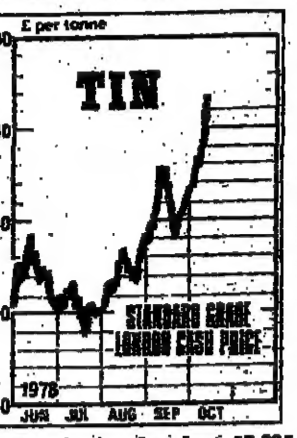
Life-size statue of Charlie Chaplin is to be erected at the Elephant and Castle, London.

Dope tests on three unnamed competitors in the world road race cycle championships showed the use of anabolic steroids.

BUSINESS

£ hits $2.0005; Tin at new high

● **TIN prices rose to new peaks on the London Metal Exchange. After reaching £7,740, standard**



grade cash tin closed at £7,685 a tonne £95 up. Platinum also reached record peaks before closing £1 up at £161.25 an ounce.

● **GOLD** touched a record high of $227½ before closing $2 down at $224½ as the dollar gained ground.

● **EQUITIES** eased, influenced by the unresolved wages disputes at BOC and Ford.

● **GILTS** came under renewed pressure, after a more confident start, on anxieties about the Minimum Lending Rate.

● **STERLING** reached $2.0005, its highest level since August 15, but declined in subsequent quiet trading to close 75 points down at $1.9830. The pound's trade-weighted index fell to 62.4 (62.5).

● **DOLLAR** fell sharply in nervous trading but picked up later. Its trade-weighted depreciation narrowed to 10 (10.1) per cent.

● **WALL STREET** was 0.52 up at 901.94 near the close.

Pilots warn of blacking

● **IMMEDIATE** action to black without warning British Airways aircraft may be taken by pilots on domestic and European flights after a "deplorable deterioration in the technical state of the aircraft," the British Airline Pilots' Association said. **Back Page**

● **UK SHIPPING** industry showed a £1.3bn surplus of revenue over expenditure abroad last year on a record revenue from international activities of £3.6bn.

● **M. W. MARSHALL**, probably the largest international money broker in the world, has been authorised to set up a subsidiary in Tokyo.

● **FRENCH** Government has announced several new banking and credit regulations aimed at improving the capital structure of French banks and laying the groundwork for phasing out the strict credit control system. **Page 3**

● **LEYLAND VEHICLES** announced a major new range of diesel engines to replace the 500 series, once plagued with problems. **Page 6**

● **VENEZUELA** is seeking a relatively modest rise in the world oil prices as fixed by OPEC, to be combined with a regular quarterly increase fixed for two or three years ahead. **Page 4**

COMPANIES

● **IBM** Corporation third quarter net earnings rose to $5.60 a share from $4.66. **Page 32**

● **REED** International, which has raised £66m this year through the sale of large parts of its South African and Canadian interests, is now negotiating the sale of its 80 per cent stake in its Australian holding company. **Back Page**

FT statistics

The Financial Times apologises to its readers for the omission of certain up-to-date statistical material as a result of industrial action by members of the NATSOPA clerical chapel employed to prepare statistical information.

The Share Information Service, the FT-Actuaries share indices and the Unit Trust page in today's issue are a repeat of the information shown in Thursday's issue. The same applies to the European Bourses and the FT Stock Indices on the London Stock Exchange page.

On Page 34 the money and currency page — Euro-Currency Interest Rates, the Pound Spot Rates and Rates Forward against the Pound are also repeats of the tables shown in Thursday's issue.

The following items are missing from today's issue: European Options Exchange, London Traded Options, Active Stocks, Chief Price Changes Yesterday, New Highs and Lows for 1978, Rises and Falls yesterday.

Germans to tender for £7.4 bn. China steelworks order

BY JONATHAN CARR IN BONN & ROY HODSON IN LONDON

China is prepared to place orders worth up to DM28bn (£7.4bn) with West European industry to build an integrated steelworks. A West German industrial consortium is being set up to tender, and German banks are ready in principle to provide credit.

This huge scheme is further evidence of the gathering pace both of China's drive for economic growth and of the growing opportunities there for Western technology.

The sum exceeds that of any comparable project in which West German industry has become involved, such as the Kursk steelworks in the Soviet Union.

News of the proposed deal comes only weeks after the signing in Peking of a declaration of intent under which West German industry stands to gain orders of up to DM 8 bn to modernise the Chinese coal industry.

The steelworks, to be built in the north-eastern province of Hopei, is China's second big integrated steelworks planned on *green field sites*.

Nippon Steel of Japan is already working on a site engineering contract for a 6m tonnes a year plant in Shanghai which would eventually be expanded to 10m tonnes capacity.

The total ultimate cost of both plants is expected to reach about £14bn at present-day prices.

The Hopei plant was announced in Germany yesterday by Schloemann-Siemag, one of the world's leading manufacturers of heavy rolling-mill equipment, and already a successful exporter to the Chinese market.

The company said it had been urged by Mr. Tang Ke, China's Minister responsible for the metallurgical industry, to form a consortium and bid for the contract. A works built in two stages was envisaged, with a final total capacity of 10m tonnes of crude steel annually.

The first stage is to be completed and working by 1985, and would have an annual capacity of 6m tonnes of crude.

The value of the orders in connection with this alone is set at between DM 15bn and DM 18bn. The second stage, for which no deadline is yet known, would bring the total value of the works to a maximum of DM 28bn.

Other members of the industrial consortium include Siemens, that country's leading electrical concern; Thyssen, its biggest steelmaker; and GHH-Sterkrade, which, like Schloemann-Siemag, is a part of the Gutehoffnungshuette engineering group.

It is understood in Bonn that the consortium is likely to present its tender before the end of next year. It is also realised that other West European companies may well share in the Hopei project, but a competing West German consortium is not thought likely to emerge.

But the Japanese expect their tenders to be considered by the Chinese.

The British Steel Corporation told the Chinese last week that it would be willing to collaborate in the project if asked.

As in the case of the planned coal-mining deal, West German banks are prepared to put up credit to the Bank of China.

The Dresdner Bank, whose chairman, the former Economics Minister Hans Friderichs, has excellent contacts with the Peking leadership, is ready to head a consortium for this purpose.

A British iron and steel mission which returned from *China a few days ago arranged* exchanges of visits by specialist teams to discuss the Hopei project, and development and modernisation of other Chinese steelworks.

Announcement of the Hopei plan comes at a time of greatly intensifying links between West Germany and China, part of Peking's relatively recent decision to open its doors to the West.

Sir Keith warns of tough line against 'lame ducks'

BY RICHARD EVANS, LOBBY EDITOR

SIR KEITH JOSEPH, Mrs. Thatcher's policy adviser, yesterday followed the Conservative Party's swing against an incomes policy with a warning that a Tory Government would adopt a tough attitude towards industries crippled by bad management or lack of *co-operation* from workers.

His warning, which underlined the rightward shift the party appears to have taken on economic policy at its Brighton conference this week, was followed by growing criticism from rank-and-file Tories *of* Mr. Heath's outspoken support for the Government's 5 per cent pay guideline. They feared it could damage Conservative electoral prospects.

Sir Keith appeared to indicate a return to the "lame ducks" philosophy abandoned by Mr. Heath's administration in 1972-1973 *when he told the conference* that the "apparent suicide" of parts of British Leyland and many ship yards were products, to a large extent, of Government stepping in with taxpayers' money.

"If people can count on being rescued from folly, they will go on committing it. People are being led by their noses down the garden path to poverty and decline . . . we must make it plain that we are not in he business of using taxpayers' money to rescue companies crippled by lack of co-operation or bad management," the Tory industry spokesman declared.

It was a message the conference was clearly delighted to hear and Sir Keith who, in the past, has often baffled party audiences, was given an enthusiastic standing ovation. His theme of a tougher economic philosophy is likely to be spelled out *in greater detail* today by Mrs. Thatcher when she winds up the conference.

Conference report Page 8
Men and Matters Page 22
Politics Today Page 23

Sir Keith's speech, and Mr. Heath's *criticisms of the developing* Tory philosophy, confirmed the dominance this week of one theme—the party's attitude to economic management in general, and incomes policy in particular.

Sir Keith made no direct reference to the deep rift between the Tory leadership and Mr. Heath over incomes policy, but *he made it clear that he* backed Mrs. Thatcher in her dislike of Government interference in pay bargaining.

"We do not think that controls on pay, prices and dividends, on balance, do good for the people of this country. We think that competition, sensible policies on money and Government spending and borrowing, and on taxes, sensible policies on cash limits and on target rates of return from nationalised industries, plus a great deal of explanation to the effect that people can price themselves out of jobs if they are unrealistic, will be more effective *than a cat's cradle of controls,*" he said.

Sir Keith added that a Tory administration would open up *the gap between the net benefits* from earning and from not earn-

Continued on Back Page

Lloyd's cash aid for Sasse

BY JOHN MOORE

LLOYD'S OF London is to provide cash aid for the troubled underwriting syndicate headed by Mr. Frederick Sasse. This rare and surprising move by Lloyd's comes after the discovery of "certain errors" in the syndicate's internal documentation.

Mr. Stephen Merrett, chairman of Merrett Dixey Syndicates, the underwriting agent that took over the management of the Sasse syndicate earlier this year, explained yesterday that Lloyd's ruling committee had decided to relieve some of the cash flow problems of the syndicate that have arisen on a Canadian contract by providing interest free loans.

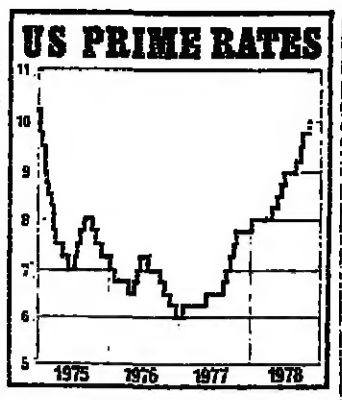
This latest development *has* come after the revelation in late August that the Sasse syndicate was likely to face large losses on Canadian fire insurances which could amount to C$5m (2.13m). Those members of the syndicate who had underwritten a standard share of the premium of £40,000 might have to pay around £32,000.

Reinsurance

Already members of the syndicate who have underwritten a standard share of the premium have been asked to pay up £54,850 mainly on $10m losses arising on property fire claims in the US. The syndicate has been unable to recover reinsurance payments which it claims are due from the Brazilian Reinsurance Institute. Because of this refusal the syndicate faced a solvency problem and was suspended at Lloyd's last December.

The errors which have emerged, all on the Canadian fire loss business, occurred before the syndicate was taken over by Merrett Dixey. Mr. Merrett said yesterday that auditors Baker Sutton were investigating fully how "incorrect documents" came to be submitted for audit at December 31, 1976 and December 31, 1977.

After investigation it is possible that Merrett Dixey, in conjunction with the auditors, will seek legal and further accounting *advice*.



10% prime rate for Chase

BY JOHN WYLES

NEW YORK, Oct. 12

CHASE MANHATTAN Bank of New York today led the widely anticipated move towards a U.S. commercial banking prime rate of 10 per cent, the highest since January 1975.

Chase's move did not spark a string of similar announcements from other banks, but most are expected to follow suit in the next day or so because of the significant increase in short term money market rates since prime rates were boosted to 9¾ per cent last month.

Citibank, which bases its prime rate on a formula of 1¼ *per cent above the three week* average for 90-day commercial paper, has the option of going to 10 per cent tomorrow. Indeed, with commercial paper quoted today at 8.9 per cent, a 10¼ per cent prime rate may be only two weeks away.

Although there was nothing unexpected about Chase's move, it wiped out some early gains in the stock market, but contributed towards a firming of the dollar in the New York foreign exchange market.

The Carter Administration is publicly worried that high interest rates will markedly slow the rate of economic growth, but all the indications are that the economy is still bounding along.

President Carter had been expected to make an announcement next Monday, but this has been postponed to allow time for an analysis of the budgetary implications of the tax reduction legislation which should emerge from Congress by the end of this week.

In a somewhat surprising shift of stance, the American Federation of Labour—Congress of Industrial Organisations has been urging the administration to go for fully fledged controls on prices, wages, dividends, interest rates, rents and executive pay. Mr. George Meany AFL-CIO president, is arguing that this is preferable to a guideline policy which will bear more heavily on labour than on the employer.

Michael Blanden writes: The Chase prime rate rise, coupled

Continued on Back Page

Miners seek 40% rise

THE MINERS yesterday underlined the vulnerability of TUC and Government attempts to plaster over their disagreement on pay policy by deciding to press a 40 per cent pay claim "in the spirit of free collective bargaining" and to reopen negotiations only eight months later.

At the same time, the Government faces the largest challenge yet to its 5 per cent pay policy from 2.5m workers in the engineering industry, who are to submit a claim for a 33 per cent rise in basic pay.

The guide-line-breaching pay offer—worth about 8 per cent—by British Oxygen's gases division to 3,000 of its manual labour force is likely to be rejected at a national conference of shop stewards today, union negotiators said.

However, a further boost for the Government's hopes of keeping the annual inflation rate within single figures came yesterday with the Price Commission index for September which showed that price rises notified over the previous six months were running at an annual rate of 4.2 per cent, slightly better than in August.

The Confederation of British Industry will totally oppose any attempt by the Government to enforce its pay limits through stricter price controls, Sir John Methven, CBI director-general, said yesterday. **Back and Page 11**

Gormley defiant

BY CHRISTIAN TYLER, LABOUR EDITOR

THE MINERS' double assault on the Phase Four guidelines—both the amount and the timing of the claim—was decided by the national executive of the National Union of Mineworkers only the day after TUC leaders declared themselves ready to reach a new understanding with the Government provided the counter-inflation strategy was translated into control of prices rather than wages.

Mr. Joe Gormley, NUM president, answered with a flat "no" the question whether the coming round of TUC-Government talks had any bearing on his union's negotiations with the National Coal Board.

He also said the board would be "bloody daft" if it repeated the line first taken by Ford Motor and told the union it was not a free agent at the bargaining table because of the 5 per cent limit.

The executive's decision, which was welcomed by the Left, was coupled with the threat of a national strike ballot if the NCB tried to close any more pits without the union's consent.

Mr. Gormley, who later reported the executive's decisions to Sir Derek Ezra, NCB chairman, said the NUM was tired of the "charade" of unsuccessful protests about pit closures.

The executive was lobbied by men from the Nantgarw coking plant in South Wales which is threatened with closure. Other pits that the NCB wants to close are Granville in the Midlands, Teversal in Notts, Woodhorn in Northumberland and Walton in North Yorkshire.

An attempt by Mr. Arthur Scargill, president of the Yorkshire area of the union, to break the present wage agreement and bring the pay claim forward to November this year was ruled out of order by Mr. Gormley because the area resolution

At Mr. Gormley's suggestion, Mr. Scargill then successfully moved that the traditional November settlement date be restored next year after a March 1 agreement.

The NUM wants to raise the rate of the top-paid coalface workers from £78.44 to £110 a week, with proportional increases for the rest of the 240,000 miners. Controversial productivity schemes have added about £20 a week to faceworkers' earnings and about £10 to those of £65.60 a week for surface workers.

Although many miners' leaders doubt that bonus earnings will be enough to dampen again this year the demand for a much wider basic rate, the Coal Board was yesterday taking a more sanguine view of the negotiations that will start in earnest toward the end of the year.

Mr. Gormley yesterday gave no sign that the miners would stand down in the face of political pressures, stressing that the TUC economic committee's approval for talks with the Government was given on the understanding that there could be no truck with the Stage Four incomes policy as such.

Announcing the executive's unanimous decision on pay, Mr. Gormley said: "We are saying that deliberately today, so that there will be no confusion about the NUM's position in the next round of wage negotiations."

The TUC-Government talks, which some union leaders hope will produce a joint written agreement on pay and prices, are unlikely to bear fruit for some weeks. The Cabinet yesterday *heard a report from the* Prime Minister on his dinner with TUC leaders on Tuesday, but there was little discussion.

£ in New York

—	Oct. 11	Previous
Spot	$1.9810-9830	$1.9850-9860
1 month	0.45-0.35 dis	0.52-0.47 dis
3 months	1.42-1.34 dis	1.55-1.50 dis
12 months	5.20-5.00 dis	5.85-5.70 dis

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For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

Portugal resumes transfer of land to former owners

BY JIMMY BURNS LISBON, Oct. 12.

The Portuguese Ministry of Agriculture has resumed the handing-back of expropriated land to its original owners, and yesterday ordered peasants to leave three Communist-controlled collectives in the southern grain-belt of the Alentejo. Tension has thus been brought back to Portugal's highly politicised agrarian sector by Government orders—enforced by truckloads of paramilitary police.

Although the police met no physical resistance, the atmosphere remains tense following a Communist Party (PCP) communiqué condemning the action, and statements from peasant leaders threatening to reoccupy the land.

In a sense, the Government action has come as no surprise. Ever since Sr. Alfredo Nobre da Costa was sworn in as the country's new Prime Minister at the end of August, there was always the possibility that his Government would play more than the stop-gap role expected by the political parties. Sr. da Costa himself always said he intended to implement major legislation which had been set aside by his predecessors.

The return of expropriated land to private ownership is backed by the Agrarian Reform Bill, which was passed by a combined Socialist-Social Democrat (PSD) Parliamentary vote in the summer of 1977.

More surpriisng, however, is the fact that Sr. da Costa's administration has chosen to implement such a controversial law less than four weeks after having been reduced to a caretaker role—theoretically, at least—by a Parliamentary vote of rejection.

The use of police to supervise Government action also differs considerably from the strategy pursued by the previous administration, which preferred dialogue rather than the provocation of open confrontation in politically delicate sectors. Such a strategy, however, has always been condemned by more conservative observers, and led to the withdrawal of the Conservative Party (CDS) from its alliance in Government with the Socialists last July.

Austrian tax revision expected

BY PAUL LENDVAI VIENNA, Oct. 12.

THE AUSTRIAN Finance Minister, Dr. Hannes Androsch, is expected to announce major taxation changes this weekend which will also have an impact on the savings ratio.

In view of a record Budget deficit next year, the Socialist Government is being widely criticised by economic commentators for approving a "politically motivated" income tax reduction.

It will bring taxpayers only a monthly tax relief ranging from Sch 117 (about £4) to Sch 183 but will cost the Treasury Sch 3bn and the provincial governments an additional Sch 1.5bn.

The tax cut is motivated by the need to placate the unions and provide a proper psychological climate for a round of moderate wage rises.

As next year's Budget deficit must be reduced from Sch 60bn to Sch 50bn, Dr. Androsch has already hinted at further restrictions of fiscally privileged savings schemes coupled with a rise of petrol tax, postal rates and other levies.

At present, the Government spends about Sch 5bn each year promoting savings. Despite previous promises, the regulations concerning bonds will be further tightened.

Each Austrian citizen could currently buy up to Sch 100,000 worth of Federal and public bonds per annum, with the State providing 10 per cent of the issue price on condition that the bonds will not be sold before maturity.

Until this year, the rebate was 15 per cent. Now the Government will reduce the rebate to 5 per cent or cut the permissible annual bond purchase from Sch 100,000 to Sch 50,000 per person.

The reason for the projected measure is fairly evident. A recent opinion poll showed that only 3 per cent of the average Austrian households possess such fiscally privileged bonds. But 77 per cent own savings accounts and about one-third building society deposits.

The Government, at any rate for the time being, will not touch the building society deposits and premium savings acounts which cost the Treasury Sch 2.7bn and Sch 900m a year respectively.

The Budget deficit and debt servicing have clearly emerged as the main problems to be faced by the Government. The January-August balance of payments figures, published today, point to a big improvement.

The deficit on current account was only Sch 9.9bn against Sch 24.1bn during the same period last year. Thus, it is likely that the aggregate current account deficit this year will be only one-third of last year's level.

The visible trade deficit, according to the central bank figures, was down by 22.4 per cent to Sch 34.8bn in the first eight months compared to the same period last year.

Barcelona raises its fares

By David Gardner

BARCELONA, Oct. 12.

BARCELONA'S public transport will cost more from next month, the Spanish Interior Ministry has announced, following tense negotiations with the Mayor and Civil Governor of Barcelona, and Catalan political leaders.

The increases on underground train and bus fares will be 25 per cent, rather than 67 per cent rises which were scheduled to come into effect ten days ago. The rises were postponed after opposition from the region's main parties, trade unions and civic organisations.

Interior Ministry involvement in the negotiations indicates fears that the increases could lead to serious civil disorder.

Previous smaller increases caused two general strikes in Barcelona, and there are already plans to boycott public transport until the rises are withdrawn.

Barcelona is to be provided with Pta 2.5bn (£17.7m) to cover its public transport pay roll until the end of the year, but the Government has not taken over the city's chronic public transport deficit as had been hoped.

Estimates expect this year's shortfall to reach Pta 13.5bn equivalent to 68 per cent of the city's total budget. The city is now on the verge of bankruptcy with an accumulated transport deficit of nearly Pta 25bn.

The Mayor of Barcelona, Sr Socias Humbert, has threatened to resign unless the Government takes over responsibility for the debt which both he and the main parties attribute to the mismanagement and corruption of previous administrations.

A 1,200-page auditor's report on the several private or mixed companies that run the city's transport on contract reveals irregularities, but no legal action has yet been taken.

SPANISH RETAILING AND DISTRIBUTION

Trouble ahead for the small shops

BY ROBERT GRAHAM IN MADRID

A STRIKING feature of Spanish towns and cities is the proliferation of small shops with similar displays of goods. It is also noticeable how many shopfronts have remained virtually unchanged since the day they were built. On one estimate, 70 per cent of all shops were built more than 10 years ago while 40 per cent date back more than 40 years.

Most are family-run operations with small turnover, limited profitability and little innovation. Their survival depends largely on low-paid family help, cheap fixed rent, the premises forming part of the home and the ingrained habits of their clients.

No one has ever claimed that Spain is a nation of shopkeepers but approximately 12 per cent of the active population, or 1.6m people, are currently employed in the retail trade and distribution, which accounts for just under 12 per cent of gross domestic product.

Despite the importance of the sector, little attention has been devoted to it, probably because its existence and operation have been taken for granted. Yet three successive years of high inflation and the gradual appearance of supermarkets, discount shops and department stores are now beginning to be felt. Goods in small shops have become expensive compared with those in modern retail outlets with their greater efficiency and economies of scale.

The "modern" sector accounts for only 5.5 per cent of total distribution and retail business, according to one trade estimate. Thus it would be premature to talk of the demise of the small shopkeeper. Yet he is ill-equipped to face up to changing circumstances. For instance, the smallness of most shops is an inhibition to greater efficiency.

A recent study found that over 80 per cent of retail and distribution outlets were under 150 square metres, while half had a floor space of less than 30 square metres. With such limited space, it is difficult to make improvements such as stocking a wider range of items or installation of larger refrigeration units.

This is to say nothing of attracting help when members of the family are seeking more remunerative jobs in other sectors. Meanwhile, basic tasks like adding up bills are done in painfully slow traditional arithmetic on pieces of paper.

So far the inroads by the modern sector are visible only in the larger towns and cities, in the form of increased conversion to supermarkets, the spread of chain stores in urban centres or the establishment of hypermarkets on the outskirts. Spain is now reckoned to have some 10 large supermarkets per million inhabitants against 17 per million in Italy, 50 per million in Britain and 72 per million in Belgium.

But while Spain is well behind the Common Market countries in the establishment of modern distribution, a great deal of money is being pumped into this sector; where investment occurs, it is on a large scale. Thus the average size of supermarkets now going up is comparable with, if not larger than, those in the EEC countries. The average floor space for such establishments is 730 square metres against 590 square metres in the UK and 770 square metres in France. The same applies to hypermarkets.

> For admirers of traditional shopfront lettering—gold names on glass panels—probably more survives in Spain than in any West European country. But the little shops are now threatened by the big battalions with their greater efficiency and economies of scale.

The most dynamic growth in this sector has been achieved by the chain store group, El Corte Ingles. The group was founded by Sr. Ramon Areces Rodriguez when he bought a small shop in Madrid of that name (which means "the length of English cloth") just before the civil war. In the past 15 years it has become a household name.

Its market has come from the money generated by the industrialisation of Spain, and it has catered essentially to the emergent middle class (and those aspiring to it), creating what might be dubbed as "the society of the Corte Ingles," with a range of household products and clothes clearly identifiable by their style and taste.

El Corte Ingles did not begin diversifying outside Madrid until 1962, but it now has stores operating or under construction in all the major urban centres. Between 1973 and 1977 total floor space increased at an annual average of 17 per cent to 383,000 square metres while sales during this time period at an annual average of 39 per cent to Pta 71bn (£490m).

Although the real increase last year was less spectacular when measured against the 27 per cent annual inflation rate, over the five-year period sales and profits have kept well ahead of inflation.

El Corte Ingles reckons it now has one-third of modern distribution. It relies for its turnover mainly on clothing, which accounts for 47 per cent of sales. A further 23 per cent comes from household goods. More recently, foodstuffs have begun to figure more prominently, being responsible for 8 per cent of sales. This percentage breakdown of sales is also reflected in the other main chain stores.

El Corte Ingles' success stems partly from the timing of its expansion, which enabled it to shape a largely unformed and willing market company executives also attribute its buoyancy to a consistent policy of high staff remuneration, vigorous self-reliance, re-invested profits and high investment in modern technology (it claims to be IBM's biggest European chain store client).

Certainly, competitors say that El Corte Ingles pays above the odds both for staff and executives, who are encouraged to take shares in the company, all of which are held within the company.

More important, it has made itself the most integrated company in the field. The bulk of clothing in its stores comes from three textile companies on which El Corte Ingles directors are board members and in which they are main shareholders. These companies in turn are 90 per cent dependent for their sales on El Corte Ingles. Most of the furniture for its stores comes from a company similarly linked.

In a different field, El Corte Ingles has its own advertising department, a virtual advertising agency within the company. The company's belief in its expanding market is indicated by the heavy advertising campai[gn] conducted on billboards, in th[e] Press and on TV.

The distribution trade believ[es] that El Corte Ingles h[as] benefited from the rival[ry] between it and its chief co[m]petitor, Galerias Preciados. Bo[th] founders were from the Astur[ias] region and emigrated at an ea[rly] age to Cuba — Sr. Areces l[eft] Asturias at 14. Typical of t[he] rivalry was the purchase [by] Galerias Preciados of the site [of] the original El Corte Ingles sh[op] in Madrid.

The success of these two ch[ain] stores makes it unlikely [that] other groups will break into th[e] league. Instead, attention [is] being devoted to hypermar[kets] which primarily sell foo[d and] household items appealing [to a] broader cross section of the [pub]lic, and which practise [most] aggressively the principle of [high] volume sales and low profi[t mar]gins.

Some, for instance, consi[der] that the size of the Corte In[gles] investment programme (Pta [...] this year) and its staff overhe[ads] oblige it to put itself in [the] medium- and upper-end of [the] market.

No one disputes the poten[tial] of the distribution busine[ss in] Spain and a number of local [and] foreign groups are known to [be] interested in investing in [the] sector. But trade sources say [they] are reluctant to commit the[m]selves while the econ[omy] remains so depressed.

Another concern of poten[tial] investors is the high cost [of] domestic finance, coupled [with] the difficulties of securing quick purchase of good si[tes] either in or on the outskirts [of] cities. El Corte Ingles, [for] instance, took almost six y[ears] to buy a site in Saragossa, [one] of the two towns in which [it is] now building stores.

Against this background [the] small shopkeeper seems ei[ther] remarkably sanguine or igno[rant] of the difficulties tha[t lie] ahead. Only 20 per cent [are] grouped into recognised asso[cia]tions and these are not v[ery] effective in representing th[eir] interests.

Some observers see the pot[en]tial of a shopkeepers' movem[ent] with political overtones [as] witnessed in France, but [the] present evidence this is far fr[om] realisation. The small sh[op]keeper will have to be sque[ezed] harder before he begins [to] complain.

EUROPEAN NEWS

Paris announces new banking and credit measures

BY ROBERT MAUTHNER PARIS, Oct. 12.

THE FRENCH Government today announced a number of new banking and credit regulations aimed both at improving the capital structure of French banks and at laying the groundwork for the long-term phasing-out of the present strict credit control system.

While M. Rene Monory, the Economics Minister, made it clear that, in the interests of curbing inflation, monetary and credit policy would remain restrictive in 1979, the latest measures do provide some scope for greater flexibility, especially for the small banks.

Next year, the norm for overall credit expansion has been brought down to 11 per cent from 12.5 per cent in 1978, but it will be reviewed every six months in the light of the investment needs of industry. On the other hand, a greater proportion of credits previously exempt from growth ceilings — medium-term export credits, some categories of housing loans, and credits for energy-saving equipment — will next year again be controlled.

The M2 money supply growth target, too, has been brought down to 11 per cent from 12 per cent, which is well below the latest official forecasts of a 12.9 per cent increase in GNP in value terms in 1979.

M. Monory said that, because of the great diversity of the French financial system, the creation of money could not be controlled mainly by interest rates, as was the case in most other Western industrialised countries. Eventually, however, the Government's objective was to abolish the system of credit growth ceilings, known as "encadrement," which has been increasingly criticised by both the nationalised and private banks.

The authorities' immediate aim for the financial sector was to stimulate competition, to reinforce the banks' capital structure, and to de-centralise the banking system.

With this in mind, banks which increased their capital would be permitted to expand their loans by 150 per cent of the amount of the capital increase, compared with 100 per cent at present.

The minimum level for banks' capital, which has remained unchanged since 1972, must be doubled by the end of 1979, and raised again by a further 50 per cent by the end of 1982. This measure, which is also applicable to foreign banks in France, will affect mainly the small establishments, since the capital of the large banks is already much greater than the legal minimum.

Recognising that the large banks have benefitted disproportionately from the very fast recent expansion of credits which are not subject to controls, the authorities have taken the following steps to redress the balance:

Those banks whose credits subject to controls amount to less than FFr 200m (about £23m) per year have been granted an increase in their ceilings of 4 percentage points. Some 430 financial establishments are estimated to be involved.

Hole halts town planners

BY ROBERT MAUTHNER PARIS, Oct. 12.

THE GREAT Baron Haussmann, who was responsible for replanning Paris in the second half of the 19th century and for providing it with the magnificent wide avenues which radiate from the Arc de Triomphe, must be turning over in his grave. For the French capital has currently become a town planner's disaster area, with the abandonment of one ambitious project after another.

The controversial Pompidou cultural centre — although it provoked the widely quoted joke "We may not have any oil, but we've at least got a refinery"— justified itself by attracting millions of people. However, other grandiose schemes, like the La Defense office and commercial complex and the project for Les Halles (the old central market) have run into serious trouble.

The latest victim of the politico-architectural bungling which seems to characterise town planning in Paris is the new concert hall which, with the personal backing of President Giscard d'Estaing, was to be built in the hole left by Les Halles. Apparently nobody noticed that the site chosen for the hall was above an underground railway station, which might have added to the effectiveness of the percussion section of an orchestra, but was hardly calculated to bring out the best from the violins or flutes.

Though the French are not normally given to under-statements, Le Monde, the reputable Paris newspaper, out-did even the British in summing up the situation yesterday: "Acoustical studies, with uncertain results today, allow it to be stated officially that the siting of the concert hall, above an underground railway station, is not without risk," the newspaper gravely reported.

So the new concert hall is to be built at La Villette, the old meat market on the outskirts of Paris, which will ensure that concert-goers will arrive even later than they usually do in this city. If nothing else, this curious affair says much about the quality of French market studies.

Dutch wages row feared

BY CHARLES BATCHELOR AMSTERDAM, Oct. 12.

DUTCH TRADE unions are not optimistic that the forthcoming 1979 wage round will pass off smoothly. The largest union federation, the FNV, wants to maintain the real incomes of employees currently earning up to Fl 30,000 ($14,800) a year and of people receiving social security benefits up to that amount.

The unions will therefore be seeking the continued indexation of wages to price rises. Any measures taken by the Government to limit incomes up to Fl 30,000 under its plan to cut public spending will be met by extra wage demands.

The FNV, which has 1.1m members, also wants a fairer sharing out of the available work by cuts in working hours and an extension of the job security agreements which were its main demand in the last round of wage negotiations.

A memorandum of the federation's plan of action for the next wage round wil now go to the union members for their approval. The federation's executive will then finalise the details towards the end of November.

● The Dutch Central Bank has said that it will raise bank rate to 6.5 per cent from 5.5 per cent, effective tomorrow. It will raise the promissory note rate to 7.5 per cent from 6.5 per cent and the rate on secured loans to 7 cent from 6 per cent.

Three share Nobel prize for medicine

By William Dullforce STOCKHOLM, Oct. 12.

SWEDEN'S Karolinska Institute today awarded the 1978 Nobel Prize for Medicine jointly to Professor Werner Arber of Switzerland, Professor Daniel Nathans of the U.S. and Professor Hamilton Smith, also of the U.S., for the discovery of restriction enzymes and their application to molecular genetics. This year's Nobel prizes are worth SKr 725,000 (£84,000).

Restriction enzymes are the "chemical knives" which can be used to cut genes (DNA) into smaller fragments. Their discovery provided scientists with new tools for close chemical analysis of the mechanism of animal and human genes.

Even though the enzymes have been available only for a few years their application to genetics has already led to far-reaching results, according to the citation accompanying the award. They opened up new areas of research into heredity by allowing scientists to cut lengths of the genetic material DNA into fragments and splice them together again in different ways.

In medicine, increased knowledge of how genes function is helping in the treatment of hereditary diseases, cancer and malformations.

Professor Arber, 49, Professor of Microbiology at the University of Basle, discovered the restriction enzymes in the 1960s. Professor Hamilton Smith, 47, of the Johns Hopkins University School of Medicine in Baltimore, verified Professor Arber's hypothesis and demonstrated that one particular enzyme cut DNA in the middle in a specific symmetrical sequence.

Professor Nathans, 50, who is also working at Johns Hopkins, pioneered the application of restriction enzymes to work on genetics. With their help he was the first to construct the complete genetic map of a small thread of DNA from a monkey virus and his method has since been used by other scientists to map increasingly complex threads of DNA structures.

Norwegian report backs nuclear power

By Fay Gjester OSLO, Oct. 12.

NUCLEAR POWER stations could be built in Norway without unacceptably high risks, according to a majority report by a Norwegian Royal Commission.

The Commission, which has conducted a two-year inquiry into the safety of nuclear power production, handed its report to Mr. Bjartmar Gjerde, Oil and Energy Minister today.

Three of the Commissions' 21 members, believe that the risks are not acceptable, and oppose nuclear power plants for Norway.

The report stimulates that before any such plants are built in Norway there must be firm agreement on the safe handling and disposal of radio-active waste. There must also be contingency plans to shut down plants safely.

The report admits that theft of radioactive waste, by terrorists or criminals, is a possibility which cannot be ignored.

● AP-DJ reports: Norway reduced imports and increased exports for the fourth consecutive month in September, reducing the January-September foreign trade deficit by 63.4 per cent from the same period last year, the Central Bureau of Statistics reported Thursday.

Imports excluding ships amounted to NKr 4,528m ($905m) in September. Exports excluding ships were worth NKr 3,677m ($735m) and including ships NKr 3.831m ($766m).

In September 1977, the corresponding figures were NFr 4.922m ($984m) for imports excluding ships, NKr 3.480 ($698m) for exports excluding ships and NKr 3.563m ($712m) for exports including ships.

Swedes await new premier

By Our Own Correspondent STOCKHOLM, Oct. 12.

THE SOCIAL Democrat opposition kept Sweden on tenterhooks today while its parliamentary group and party executive debated whether they should allow Mr. Ola Ullsten, the Liberal leader, to form a new Swedish Government. After five hours of discussion the Social Democrats were undecided.

Mr. Henry Allard, the Riksdag (parliament) Speaker, twice postponed an announcement but still hoped to be able to nominate Mr. Ullsten for the Premiership later this evening.

Opinion among Social Democrat MPs is divided on whether they should abstain from voting against Mr. Ullsten and let him form an all-Liberal Cabinet based on only 39 of the 349 Riksdag members. Their leader, Mr. Olof Palme, appeared to favour this course in comments to journalists yesterday.

The Social Democrats who favour supporting Mr. Ullsten argue that it must be done for the national good. Others fear the effect on party members if they help to bring a non-socialist to power.

The political crisis arises because the split in the non-socialist camp, first shown in the collapse last week of the ruling Centre Party - Liberal - Moderate (conservative) coalition, has widened.

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Belgian uncertainty after Tindemans' fall

BY GUY DE JONQUIERES BRUSSELS, Oct. 12.

THE FALL of the coalition Government led by M. Leo Tindemans after less than 18 months in office has once again thrust Belgium into what could be an extended period of political uncertainty. New general elections may not be held immediately, since there is no guarantee that they would produce a clear-cut and stable majority.

King Baudouin, who wields considerable personal and constitutional authority, may deem it wiser to explore first whether a new government can be formed on the basis of the present parliament.

The King has already begun to take soundings among a wide spectrum of political leaders and party officials. He will no doubt be seeking to determine above all their attitudes towards the future of the far-reaching proposals for regional reform which provoked the rupture of the coalition.

His eventual decision will probably be strongly influenced by his judgment as to whether the programme could still win Parliamentary approval, whether efforts should be made to amend it or whether it should, perhaps, be temporarily shelved until the heat of the current crisis has passed.

The programme, hammered out during months of painstaking negotiations, is designed to respond to steadily growing tensions between Belgium's Flemish and Walloon populations by turning the country effectively into a federal state. It provides for the abolition of the nine existing and largely defunct provincial administrations and their replacement by three regions — Flanders, Wallonia and Brussels — and two linguistic communities, French and Dutch.

A number of the powers now exercised by the central government in Brussels would be turned over to newly-created community councils.

Pressures for the reform have come predominantly from the Walloons. Once in undisputed command of economic and political power in Belgium, they have been thrown increasingly on the defensive by what they see as a threatening rivalry from Flanders. Indeed, in some ways the previous balance between the two linguistic communities has been decisively reversed.

Not only are the Flemish now in the majority but they are more prosperous, with an average income per head about 15 per cent higher than the Walloons. Much of Belgium's recent industrial development has been concentrated in Flanders, with its easy access to the sea, while the economy of landlocked Wallonia is heavily dependent on older industries like steel and coal, with a far higher unemployment rate.

To many Walloons, regionalisation has appeared to offer the best line of defence against further Flemish encroachment.

Language and Politics in Belgium

Ever since talks on the programme got under way in earnest, it has been clear that the status of Brussels would be the most difficult point to resolve. The capital is situated just inside Flanders, but the overwhelming majority of its population is French-speaking. Moreover, the exodus from the city centre over the past decade has led to the establishment of small but politically significant communities of French speakers in predominantly Flemish suburbs.

Leaders of the majority parties managed to strike a delicate compromise. It was agreed, despite reservation among the Flemings, that French speakers in about a dozen Flemish communities outside Brussels would be granted special privileges for a limited period. These would entitle them to be taxed, tried, baptised and vote in national elections in the city itself.

To counter Flemish fears that Walloons would try to turn Brussels into a bridgehead for further expansion, it was agreed that the city's boundaries should be drawn at the limits of its present 19 communes.

The Government's fall is attributable to objections by M. Tindemans' own party, the Flemish wing of the Social Christians (CVP) to these provisions. Though they were acceptable in principle to the party leadership, they were strongly contested by a number of the rank and file on the grounds that they were unconstitutional.

The dissenters argued that the offending clauses could only be voted if the parliament turned itself into a constituent assembly — a step that would require the holding of general elections.

It is still not wholly clear why M. Tindemans chose the split in his own party as a reason for resigning. His failure to consult his coalition partners, the Socialists, the Brussels-based Democratic Francophone Front and the Flemish Volksunie, in advance of the decision has earned him deep hostility and cast serious doubts on whether he would be acceptable to them if asked to try to form another government.

Turkish plan calls for $15bn aid

BY OUR OWN CORRESPONDENT BRUSSELS, Oct. 12.

TURKEY HAS told the EEC that its ambitious economic development plan, due to go into effect next year, will call for external financing of $15.4bn over five years. It hopes that more than $8bn can be raised within Europe.

This emerged at the end of a three-day meeting in Brussels between officials of the EEC Commission and a delegation from Ankara. The talks were aimed at injecting new life into the 15-year-old association agreement between the Community and Turkey after a lengthy period of frosty relations.

Renewal of the dialogue between Ankara and Brussels follows the visit to the Commission last May by Mr. Bulent Ecevit, the Turkish Prime Minister. He stressed his Government's desire to enlist European assistance in setting its deeply troubled economy to rights.

The total value of the Turkish plan is put at $64bn, of which the Government hopes to finance $50bn internally. Although the Turks have not listed specific projects for which they are seeking finance, it is clear that the scope of their demands far exceeds funds available under the EEC association agreement.

The view in Brussels is that if the EEC were to provide additional funds, a large part would have to come from bank loans and bilateral aid given to Turkey by individual governments. There is also talk of seeking contributions from non-EEC countries belonging to the Organisation for Economic Co-operation and Development.

Italian output down 0.9%

BY DAN CONNELL ROME, Oct. 12.

THE SLUGGISH state of the Italian economy was underlined today by the publication of the latest industrial production figures showing that output in the first eight months of the year was down 0.9 per cent on the corresponding period of 1977.

The statistics do provide further evidence, however, that a modest recovery may be taking place. As the National Statistics Institute emphasised, the rise of 1.7 per cent for the holiday month of Augus alone mus be treated very warily.

But the picture to emerge this year is of a gentle but sustained upturn in output, from a point over four per cent below 1977 in the first quarter. Among sectors to register improvement were chemicals, metals and foodstuffs.

The August trade returns, issued this week, showed a surplus of L343bn (£210m), compared with a deficit of L377m (£230m) in July. For the first eight months of the year, Italy's overall deficit shrank to only L203bn (£126m) from L1,737bn (£1.08bn) in the same period of 1977.

An end to controls on Canadian dividends

By Robert Gibbens in Montreal

THE CONTROLS on dividends imposed by the Anti-Inflation Board (AIB) run out at the end of this week, and estimates vary widely of the effects this may have on capital flows and the Canadian dollar.

The Board was established in October 1975 when the federal Government was faced with an outburst of double-digit inflation and Canadian manufacturing industry appeared to be set on pricing itself out of world markets. Some industrial unions were putting in wage demands of up to 40 per cent in a single year. The controls covered wages, prices, profits and dividends.

The dividend restraints built into the AIB system were geared to the guideline used for pay increases in any one year. In the first two years of the AIB controls, restraints on dividends limited increases to 8 per cent a year. In the third and last year of the programme, the wage guideline was 6 per cent and the amount dividends could be increased was 6 per cent.

The whole AIB programme is being phased out by the end of the year, and some Canadian companies have already raised quarterly dividends where justified by profits. Certainly some of the steam in the Canadian stock markets in the past few months, despite the weakness of the Canadian dollar in the exchange markets, has been due to better profit performances by some Canadian industries and the prospect of the declaration of larger dividends with the end of the AIB programme.

Because half of Canadian industry is foreign-controlled, it has been suggested that sharply increased dividends paid by foreign subsidiaries to their parents will add downward pressure on the Canadian dollar in the marketplace during the final months of the year.

Some estimates put the extra outflow of dividends by foreign controlled companies and to foreign-domiciled shareholders of Canadian public companies at between C$1bn and C$2bn because of the freedom to raise declarations. The outflow, bunched up in a relatively short period, could add pressure to the dollar, say several investment houses in Toronto.

Bank economists, however, including Mr. Douglas Peters, of Toronto Dominion, believe these fears are exaggerated. They say foreign-owned companies in Canada have mostly anticipated the ending of controls on dividends by buying foreign currencies on the spot or forward markets.

The conference Board in Canada, the private-sector sponsored economic research unit whose judgment is widely respected, believes the likely fourth-quarter outflow of dividend payments to non-residents will rise only modestly. Therefore the impact on the Canadian dollar's external value will not be serious.

There have always been ways for foreign subsidiaries to make payments to parents. This may occur through low-interest loans to parents, early repayment of parent loans and fees for licensing or technical services.

The federal Government is playing down the extra outflow of dividends due to the expiry of controls and some large foreign subsidiaries, such as GM Canada, Canadian General Electric, Imperial Oil (Exxon), and IBM Canada, say there will be no immediate changes in their dividend policies. All these companies co-operated with Ottawa in developing autonomy and behave as "good corporate citizens." In return, these companies have been receiving Export Development Corporation support for export sales and have participated in many federal industrial development programmes.

The federal Government has been a heavy borrower in foreign markets this year. However, Canada's merchandise (visible) trade surplus is expected to improve in the fourth quarter. The surplus for the year is put at C$3.8bn and after the heavy deficit on service account (tourism, interest and dividends etc), the current account deficit is estimated at C$4.5bn to C$5bn.

Financier's trial postponed

By James Bartholomew

THE SAN FRANCISCO trial of Mr. Amos Dawe, the Far Eastern financier whose company was lent about $70m by the Russian-owned Moscow Narodny Bank, has been postponed until next year.

Mr. Dawe gave himself up in September to face charges of defrauding three California banks under his control of $1.3m. He acquired control of these banks with the backing of the Moscow Narodny Bank, which is in litigation with a number of its customers, including Mr. Dawe.

The trial was originally set for October 10 but both the State prosecution and the defence requested a postponement, said Mr. Steele Langford, Assistant U.S. Attorney, criminal division. Mr. Langford would not say whether Mr. Dawe had attempted any plea-bargaining.

U.S. COMPANY NEWS

Strong third quarter at IBM; New product costs slow growth at Colgate-Palmolive; Marnie Midland strong ahead of takeover—Page 32

Venezuela seeks regular increase in oil prices

BY HUGH O'SHAUGHNESSY

CARACAS, Oct. 12.

VENEZUELA IS seeking a relatively modest increase in the world's oil price as fixed by the Organisation of Petroleum Exporting Countries (OPEC) which would be combined with a regular quarterly increase fixed for two or three years ahead.

Though the Government is giving no details of its thinking the speculation here is that the OPEC countries at their forthcoming meeting to fix prices would be asked to increase the international crude price by 6 or 7 per cent and announce that the price would rise by, say, two or three per cent at regular three monthly intervals for several years. Venezuela has discussed this plan already with its Middle Eastern and other colleagues in OPEC.

The advantage of the system is that it would avoid any brusque price rise for the moment and give the oil importers firm warning of the forthcoming increases. In Venezuelan eyes this would overcome the present system under which buyers are in the dark about the size and timing of oil price increases.

At the same time it would allow the oil producers to recover some of the purchasing power that they have lost because of the weakness of the dollar, and the rising prices of imports from the developed world. In an interview earlier this week President Carlos Andres Perez said that over the past two years since oil prices have been stable the loss of OPEC purchasing power amounted to between 35 and 40 per cent.

Meanwhile further details are emerging of Venezuela's plans for the purchase of shares in the oil refining operations of Shell and Exxon in Curacao and Aruba in the Dutch Antilles, some of the largest refining operations in the world.

The refineries, which have been hit by competition from installations in the U.S. Virgin Islands, have not been as profitable as their present owners would like. The Venezuelan state oil corporation, Petroleos de Venezuela, is therefore seeking a minority share in the operation retaining Shell and Exxon as majority partners. The third partner among the new group of shareholders would be the Dutch Antilles governments which are shortly to achieve full independence from the Netherlands. It is emphasised there that Venezuelan plans which have been discussed with the Dutch and Antillean authorities would not imply majority Venezuelan ownership but would safeguard Venezuelan interests in the refining operations which are seen virtually as an integral part of the Venezuelan oil industry.

Smith fails to convince U.S.

BY JUREK MARTIN

WASHINGTON, Oct. 12.

Mr. Ian Smith, the Rhodesian Prime Minister, was today finishing his five-day visit to Washington apparently without having influenced either President Jimmy Carter's administration or a significant body of political opinion of the rectitude of his plans for the transition to majority rule in Rhodesia.

A key goal of Mr. Smith was to have met President Carter. But the President ruled that out at his news conference last Tuesday and the administration has so far been unmoved by Mr. Smith's assertion at a National Press Club lunch yesterday that he would attend, without preconditions, a Camp David style meeting with the Patriotic Front nationalists if the President convened one.

A second session with Mr. Cyrus Vance, the Secretary of State, has not been scheduled either, though clearly it could be arranged quite quickly. However, as Mr. Smith himself acknowledged yesterday, the first meeting last Monday proved unproductive.

It is understood that on Monday the Rhodesian Prime Minister again laid out the transitional Government's plans for progression to majority rule, claimed that Dr. Henry Kissinger, when Secretary of State, had assured him that if Rhodesia moved to full enfranchisement the U.S. would drop observance of UN sanctions, adding that this was a position supported by both the "front line" states and the Patriotic Front, and finally put in a plea to meet President Carter.

But the President, Mr. Vance and Dr. Kissinger have stated that no such secret undertaking was given. Mr. Smith apparently did not bring the purported Kissinger telegram with him to Washington. It is thought possible that one of the front line heads of state, most likely President Julius Nyerere of Tanzania, may have associated himself with the general sentiments of Dr. Kissinger's message but the view is strongly held in Washington that nothing amounting to a commitment was given.

For its part, the Carter administration reiterated its arguments that the internal settlement was not working and that an all-party conference should be convened to arrive at a better solution. But it is understood that neither the U.S. nor Britain, represented at Monday's meeting by Mr. Peter Jay, the Ambassador here, put any new proposals to Mr. Smith.

As far as Congress is concerned, Mr. Smith, accompanied by Mr. Ndabaningi Sithole, a member of the transitional Government's executive council, does not seem to have got far and their appearances on Capitol Hill have been rather sparsely attended—not surprisingly since Congress has two overriding priorities on its plate: to finish a mass of business by the end of this week and then to charge out to the country and get re-elected.

African affairs are hardly germane to either of these, outside the relatively small group of committed conservative Congressmen who invited Mr. Smith here in the first place.

Mr. Smith has also found Washington a rather hard row to hoe because of President Carter's resurgent popularity and renewed public confidence in his abilities to handle foreign affairs.

Tomorrow Mr. Smith moves on to Ne wYork and then to th emore receptive conservative pastures out west.

Tougher anti-trust action pledged

BY DAVID LASCELLES

NEW YORK, Oct. 12.

TOUGHER anti-trust action was promised to-day by Mr. John Shenefield, Assistant Attorney-General responsible for investigating anti-competitive mergers and acquisitions.

In an interview with the Wall Street Journal, Mr. Shenefield said he expected an enormous number of mergers in the coming months, with companies hoping or expecting that the anti-trust agencies would not be able to stop them all.

He said the Justice Department would take a hard line in examining proposed mergers. Since the beginning of September at least 18 merger investigations had been started.

Mr. Shenefield who was appointed in April 1977, was making remarks after a period in which there has been an unusually large number of mergers across the whole spectrum of industry, but chiefly in such prominent sectors as energy and the airlines.

Mr. Shenefield who was appoin- his department announced that it was going to court to try to stop Occidental Petroleum's bid to buy Mead Corporation, one of the country's largest forest products concerns.

Other oil companies have also tried this summer, with varying degrees of success, to branch out into new fields

As for the airlines, where the move towards 'deregulation' has already brought signs of what could be major changes, Mr. Shenefield told the journal he was sceptical of the urge to merge.

He said for example that although his department was still looking at Pan Am's proposed takeover of National Airlines, he had already come to the view that it was not wholly rational or pro-competitive.

Mr. Shenefield also disclosed that his department was investigating about 70 industries where at least 40 per cent of production was concentrated among the four largest companies.

U.S. expects reprisals for embargo on Ugandan trade

BY JOHN WORRALL

NAIROBI, Oct. 12.

THE SMALL American community in Uganda is waiting nervously for President Amin's threatened reprisals against legislation in the U.S. severing formal commercial relations with Uganda.

According to Uganda Radio, President Amin said today that he would take "drastic and serious decisions" on Americans and people connected with America in Uganda. There are about 150 American citizens in Uganda, most of them missionaries.

The U.S. decision could affect the Ugandan economy considerably since in past years the Americans have bought about one third of the country's coffee crop.

Jurek Martin adds from Washington: Formal commercial relations with Uganda were severed as a result of a bill signed into law by President Carter this week.

The legislation principally concerned U.S. contributions to the so-called Witteveen supplementary financing facility at the International Monetary Fund. But a rider to the bill stipulates that it is the "sense of Congress" that President Amin's Government has committed gross violations of human rights amounting to genocide.

As a result, the bill states that the U.S. should dissociate itself from such a Government and "any corporation, institution or individual is prohibited from importing any product which is grown, produced or manufactured in Uganda." Exports are similarly circumscribed, except for Government-to-Government emergency food aid and certain supplies to U.S. missionaries in Uganda. The Carter administration told Congress earlier this year that it thought such a ban would be ineffective.

Last spring, the House of Representatives passed a non-binding resolution calling for a ban on trade with Uganda. This had the effect of inducing most of the major U.S. coffee companies to suspend direct purchases from Uganda.

As a result, over the first eight months of this year, Ugandan exports to the U.S., almost exclusively coffee, amounted to just over $81m last year, with coffee prices higher. The U.S. imported $246m worth of Ugandan coffee, about 6 per cent of its total coffee imports.

Last year U.S. exports to Uganda were worth $14.2m, about half in cereals, the rest mostly aircraft equipment and spares, but this had fallen to only about $1.6m in the first eight months of this year.

Stronger Euro-Japan ties urged

BY RICHARD C. HANSON

TOKYO, Oct. 12.

WEST GERMANY'S Chancellor Herr Helmut Schmidt, said today he was satisfied that there were no political or economic problems of a bilateral nature between Japan and West Germany. But he said that the Japanese-European side of the triangular ties between the United States, Europe and Japan should be strengthened.

Speaking to reporters on the third day of a four-day official visit to Japan, Herr Schmidt said it was clear that both Japan and West Germany had made great progress in fulfilling pledges made to other industrialised nations at the Bonn economic summit.

Herr Schmidt said he would not speculate on Japan's prospects for achieving its goal of 7 per cent economic growth during the current fiscal year, ending March 1979. Even 6 per cent or 5½ per cent would be an enormous achievement, he said. Germany only expected a rate of about 3 per cent.

In the first two days of private talks between Mr. Takeo Fukuda, Japan's Prime Minister and Herr Schmidt and in meetings with aides, discussion has ranged over international, political and economic matters. Herr Schmidt said the Japanese Prime Minister had reacted positively to his explanation of the European Monetary System which is expected to be implemented next year. The arrangement might prove an incentive for others to bring about stable rates for their own currencies, he said.

It appears that Japanese and West German officials have achieved a significant degree of mutual understanding on exchange rates in recent months, particularly in their concern over the unstable U.S. dollar.

McNamara studies river scheme

BY MERVYN DE SILVA

COLOMBO, Oct. 12.

MR. ROBERT McNAMARA, president of the World Bank, arrived here today on a two-day visit during which he will study the progress of the billion dollar Mahaveli River diversion project, cornerstone of the Government's development effort.

The Goverment hopes to finish a major part of this 30-year scheme before the end of its six-year term.

Besides assuring water for 500,000 acres, settling 100,000 farmers and meeting the island's power needs, the Mahaveli project is the Government's only real chance of making a dent in the unemployment problem.

The reservoir of 1.2m unemployed has been swelled by semi-educated rural youth from whose ranks came the angry rebels of the 1971 youth insurrection. The proliferation of left-wing groups is a sign that the social tensions which caused the bloodbath are even more acute today.

The free trade zone, the other important venture of the United National Party Government, has attracted investment totalling about $65m. By next year, however, it can help create only 16,000 jobs.

Chris Sherwell adds from Islamabad: Decisions taken at a special meeting of the World Food Consortium countries in Washington earlier this month mean that Pakistan could avert the consequences of a serious wheat crisis this winter.

The Government has put the shortfall in the crop this year at 2.3m tonnes, and requested emergency assistance when the aid-to-Pakistan consortium countries met in Paris in June. A decision was postponed because detailed information was lacking and no clear plan to combat the problem next year had been formulated.

At the Washington meeting, the United States agreed to make a significant addition to the 1.2m tonnes which Pakistan already has arranged to purchase. Small quantities will also come from other consortium countries, including Britain.

Oil drilling ends in NZ

BY DAI HAYWARD

WELLINGTON, Oct. 12.

DRILLING FOR oil in New Zealand has now come to a halt after some three years of on- and off-shore prospecting.

The last well to be proved dry was the Takapu 1A being drilled by the Government-sponsored NZ Petrocorp Exploration—the body set up by the present Government to carry on the oil search when the recognised large international companies refused to operate because of the New Zealand Government's unsatisfactory tax requirements.

Iakapau was sunk 20 kilometres offshore from the southern part of New Zealand. It was the second dry offshore hole drilled by Petrocorp.

Mr. George Gair, the Minister of Energy, says that New Zealand cannot expect to find oil or gas quickly in the shallow offshore waters.

However, a consortium headed by Aquitaine has settled its differences with the New Zealand Government's energy advisers and hopes to start drilling off the Tranaki coast of the North Island later this summer. This is in deeper water than that around Takapu.

THE ISRAELI ECONOMY

Problems of a peace treaty

BY L. DANIEL IN TEL AVIV

THERE ARE big long-term advantages for the Israeli economyy in concluding a peace treaty with Egypt. But in the short term, Israel's economic problems are likely to be exacerbated rather than relieved because the implementation of an agreement would be both expensive and inflationary.

The most spectacular economic benefits would of course come only if there were an overall peace agreement. In that case, Israel would be able to cut its defence spending, freeing resources for economic development, and reduce or end compulsory military service, releasing manpower. For once it would be possible to make long-term economic plans.

But a peace treaty with Egypt alone will not allow defence spending to be cut, so long as a state of war continues in the north with Syria, and along the Jordan river. Israel may find the U.S. prepared to meet more of its requests for arms but the cost of sophisticated weaponry is always rising. Israel is asking for increased U.S. assistance during the 1979-80 financial year—for $2.4bn compared with $1.9bn for 1978-79. And this does not include the special assistance Israel will require to evacuate its forces from Sinai, to construct new bases and airfields (the U.S. has said it will pay for two new airfields), and to resettle and compensate Israelis who have to leave their farms in Sinai as part of the agreement.

The Israeli general staff has not assessed the cost of constructing a new defence line — or rather two, since the withdrawal from Sinai will be carried out in two stages. The first line will have to be a temporary one, running from El Arish on the Mediterranean Coast of the peninsula to Ras Muhammed at its southern tip. The second, permanent one, will have to be located in the Negev facing the international boundary with Egypt. Nor are the figures likely to be released, except to the Americans who will be asked to foot if not all, then a major part of the bill.

But two figures may indicate the magnitude of the problems involved. The cost of constructing and equipping two military airfields in the Negev, to replace those built by Israel in Sinai, is put at $1bn.

The Jewish Agency Settlement Department says that it spent $50,000 per family settled in the Rafiah region of Sinai. This figure includes housing, as well as infrastructure, such as roads, electricity, sewage, schools, clinics, etc. But the settlers themselves have added many improvements and will be abandoning fully developed farms. Judging by the precedent set when Israeli employees had to leave their jobs at the Abu Rudeis oilfields and got up to 250 per cent compensation (that is 2½ months pay for each year worked), and in view of the public sympathy for the settlers to be uprooted, compensation is likely to be far in excess of the orignal investment. Some 20 settlements are to be establised for the Rafiah settlers in the Negev Desert.

There are at present 14 Israeli civilian settlements in the Rafiah area, with a population of about 3,000 or 1,000 families. This does not take into account the residents of Ophira (near Sharm-el-Sheikh), or of Nueibe and Dizahav, on the road between Eilat and Sharm, who have built up flourishing tourist centres.

It is clear, therefore, that even with American aid, this will put enormous strain on the budget. Already this year, the budget of I£182bn ($18,000m) provided for deficit financing equivalent of 4 per cent of total expenditure. Since then, a supplementary budget of I£27bn has been submitted to the Knesset Finance Committee. If the peace treaty with Egypt is signed within the next two months, this is likely to be enlarged or a second supplementary submitted, involving additional deficit financing; this in turn will increase still further the rate of inflation already running at 40 per cent per annum.

Even with massive American aid forthcoming, the effect of the agreement will be decidedly inflationary in view of Israel's limited resources of manpower. It will also slow down, if not reverse, the trend towards narrowing the trade and balance of payments gap.

The balance-of-payments deficit was cut by $800m and $700m respectively in 1976 and 1977 to $2.56bn. This year, although exports continue to grow at the rate of over 25 per cent per annum, no improvement is expected since imports have also risen (partly due to higher defence expenditure, partly to the resumption of imports of capital goods) and foreign indebtedness continues to rise at the rate of $500m a year, with the figure now standing at close to $11bn.

Economists fear that the massive construction work will lead to a further drain of manpower from industry, already woefully short of labour (despite the employment in the Israeli economy of over 60,000 workers from the West Bank and Gaza, plus 1,000 Lebanese Moslems and Christians). It is not surprising, therefore that there has already been talk of the possible employment of Egyptian workers by Israeli construction firms. Not only trade unionists, but economists and officials are worried about increased Israeli dependence on Arab labour.

Much talk has been heard too, of the enormous possibilities of co-operation and trade between Egypt and Israel. But the prospects are essentially long-term. Ministry and commerce circles, as well as industrialists, do not expect Israeli exports to Egypt to exceed $70-80m per annum in the initial period. This would be exactly the sum which Israel will have to spend on additional oil imports with the withdrawal from the offshore field at A-tur, which currently supplies 10 per cent of Israel's oil imports. The low forecast of exports is based on two factors: that the majority of Israeli industries are geared to meet the requirements of the sophisticated markets of the West; and secondly, Egypt's shortage of foreign currency. Israeli industry may adapt itself to the needs of the Egyptian market in the longer run, but as of now, likely export lines are fertilisers, pesticides and irrigation equipment. Egypt, in turn, is likely to get substantial sums in foreign aid and investment during the years to come. The psychological climate between the two countries will to no small extent determine both the possibilities of trade and of joint ventures.

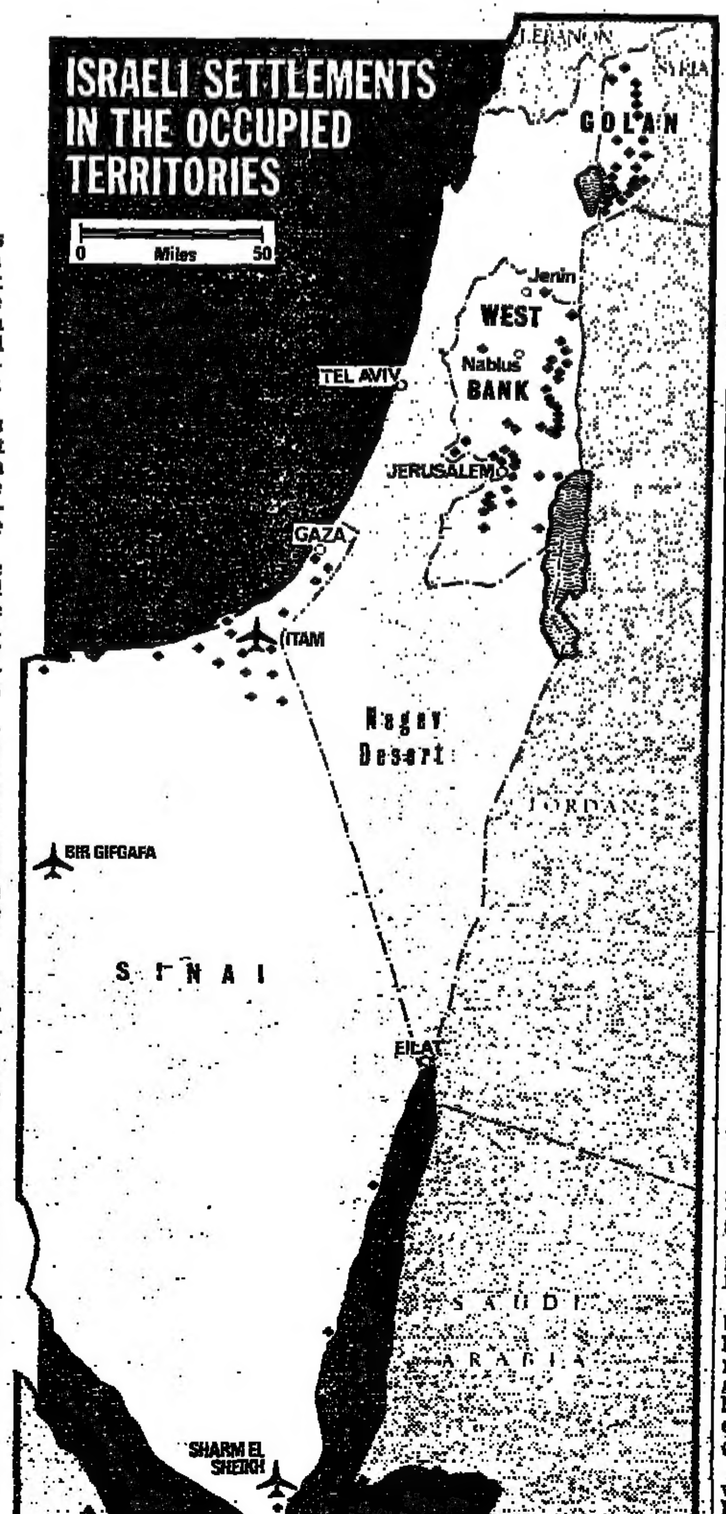
For example, Israeli oilmen discovered a gas reservoir at Sadot, near Aafiah. It had been intended to lay a 100-km pipeline from there to the various chemical plants in the Negev with the gas replacing imported crude.

Egypt, at this stage, will have little use for the gas and could sell it to Israel by permitting the construction of this pipeline. Oil experts estimate that, when fully developed, the field could produce gas to the value of $100m annually.

Clearly the overall development will depend on whether the agreement with Egypt remains a bilateral one or whether peace treaties will be signed also with Israel's other neighbours. Officials here expect an upswing in foreign investment in Israel as a result of the agreement with Egypt. Such investments have not exceeded $70m per annum in recent years.

If Jordan at least joins in, then the climate of stability which this should engender would increase foreign investment.

An immediate result of the agreement with Egypt should be a sharp upswing in tourism (and investment in tourist facilities in both countries). Tourist officials here foresee a rapid expansion of tourism from Europe —not to mention the hundreds of thousands of Israelis (and unknown number of Egyptians) who were planning to cross what were hitherto hermetically sealed borders. Again, Jordan may or may not, join in—as of now, tourists flying to Amman may cross into Israel and return to Jordan, for the return flight out of the region, but the system does not apply to tourists flying to and from Israel. If the Jordanian authorities were to alter their stand, this would act as yet a further fillip to international tourism to the area.



Jordan expected to send troops to Lebanon

By Ihsan Hijazi

BEIRUT, Oct. 12.

JORDAN IS expected to send troops to Lebanon to take part in the Arab peace-keeping force here, while Saudi Arabia has agreed to boost the strength of its battalion already serving in the force.

Informed sources said President Sarkis asked King Hussein of Jordan for the troops when they met in Amman yesterday. Saudi Arabia, which has about 1,000 troops here, is expected to send several hundred more.

President Sarkis visited the two Arab countries as part of a tour which also took him to Kuwait and the United Arab Emirates. Kuwait, which contributes financially to the upkeep of the Arab force, has announced that it is unable to send troops to Lebanon. The UAE maintains about 600 soldiers here.

President Sarkis held talks in Damascus today with President Hafez Assad before returning to Beirut. He had started his talks in Syria last week before proceeding to other Arab states.

Foreign Ministers of the Arab states contributing troops and money to the Arab force are to meet here on Sunday and President Sarkis, who was reported in the Press today to be thinking also of summoning an Arab mini-summit conference next week.

Some 30,000 Syrian troops form the backbone of the Arab peace-keeping force. The number of troops Jordan is expected to send has not been decided but may be fixed at the Foreign Ministers' conference.

On the ground, continued sniping has left the confrontation lines between Syrian troops and the militias highly tense in the eastern suburbs of the capital. The local Press today carried reports to the effect that all sides in the conflict, including Palestinian guerrillas and Lebanese leftists and Moslem militias, were engaged in preparations for what observers described as "the next blow up."

Strike halts Iran papers

TEHERAN, Oct. 12.

A STRIKE against martial law censorship left Iran without newspapers today in the latest protest in the country's intensifying political crisis.

There was speculation that the Shah, facing the most serious wave of opposition in his rule in 15 years, might consider replacing Jaafar Sharif-Emami, the Prime Minister who has been in office less than seven weeks.

The newspaper strike appears likely to increase friction between the Prime Minister, who has called for a free but responsible Press, and martial law authorities who evidently feel the papers have been too free in recent weeks.

Journalists and other staff of Iran's two biggest daily newspapers, Etela'at and Kayhan, stopped work yesterday and vowed they would stay out until the Government publicly declared a policy of no censorship or Press interference. Other dailies also joined the strike and were not published today.

Printers refused to print today's edition of the Government-owned morning paper Rastakhiz (Resurgence).

Staff on the Etela'at and Kayhan newspapers said they stopped work after army officers entered their offices yesterday and demanded to approve copy for publication.

Press sources said they believed that among stories to which martial law authorities objected were reports about the Shah's chief religious opponent, Ayatollah Ruhollah Khomeini, 78, who is now living in France in exile.

Strike leaders said a 10-man committee had been appointed to discuss their demands with the Prime Minister.

Mr. Sharif-Emami has already faced a rash of pay strikes by civil servants and teachers and anti-government disturbances in the past two weeks in several provincial towns.

Possible successors to Mr. Sharif-Emami are being discussed in political circles. They include Dr. Ali Amini an elder statesman who was Prime Minister briefly in 1961-62.

Another possibility mentioned was some form of full military government, but it was widely believed the Shah would be most reluctant to choose this course in view of his repeated pledge that Iranian politics would become increasingly open.

Reuter

Top Zambian Minister goes

By Michael Holman

LUSAKA, Oct. 12.

ZAMBIA'S FINANCE Minister, Mr. John Mwanakatwe, confirmed today that he is retiring from politics and will not be standing in the country's December general election.

Mr. Mwanakatwe, Finance Minister since May, 1976, said he is retiring for health reasons.

His decision will be regretted both in Zambia and abroad. Mr. Mwanakatwe is a highly respected member of a small group of Zambian officials who have been guiding Zambia's economy through its most serious crisis since independence in 1964.

He led Zambia's negotiations with the International Monetary Fund (IMF) to secure the U.S.$390m two-year credit agreed to this March.

WORLD TRADE NEWS

W. Germany expects rising surplus with GDR

BY LESLIE COLLITT

BERLIN, Oct. 12.

EAST GERMANY'S trade deficit with West Germany this year is expected to be larger than at any time in recent years according to the West German Office which supervises trade with East Germany.

West Germany's trade surplus with the German Democratic Republic last year was DM 500m and its cumulative trade surplus with East Germany rose to DM 3.2bn at the end of June.

Dr. Franz Rosch, head of the West German Economic Ministries Inter-Zonal Trade Office in West Berlin says trade between the two Germanies will "exceed DM 9bn" this year up from last year's DM 8.7bn. East Germany's trade with other OECD countries in the first quarter of this year dropped 8 per cent, largely due to a reduction in East German imports. As a result of these cut-backs East Germany's overall indebtedness, estimated at some DM 13bn did not increase.

Dr. Rosch, who meets each week with his East German counterparts, alternately in West and East Berlin, says a combination of factors are responsible for the lag in East German exports to West Germany. He notes that East Germany's terms of trade with the Soviet Union have continued to worsen and that a larger quantity of exports is required to pay for a fixed amount of oil and natural gas from the Soviet Union. East Germany currently pays about 80 per cent of the world market price for the oil and gas it imports from the Soviet Union.

East German factories, he says, are turning down orders from West Germany for machine tools because their production is firmly geared towards exports to the Soviet Union involving huge quantities of a limited range of machines.

As a result the East Germans find it difficult to accept orders from West German companies for special machinery as they would interrupt the large volume production for the Soviet Union.

"It is easier for them to meet their annual planned targets by turning out one type of machine flat out and this outweighs even their need for hard currency." Herr Rosch notes.

The West German official says he does not believe East Germany will be able to fulfil the targets it originally set for the current five-year plan ending in 1980. This, he says, is because the leadership is determined to achieve its ambitious programme of social improvements including longer holidays, higher maternity benefits, more new housing and larger pensions.

The whole economic system is creaking while efficiency lags greatly behind the West he says. The GDR uses capital lavishly but achieves only two-thirds of the results in West Germany for the same amount of money.

Personnel, Dr. Rosch notes, is used wastefully and the East German military burden is "severe, probably as high a proportion as in the Soviet Union" Most serious of all, Dr. Rosch says, is that the population does not believe things are improving quickly enough.

The coming year will be even mor difficult for East Germany, he says, because the citizenry expects a larger supply of consumer gods to marks the 30th anniversary of the founding of the GDR.

The current reorganisation of East Germany's foreign trade, under which the giant industrial trusts are being given their own foreign trade departments, could lead to the already complicated foreign trade system becoming "even more unwieldy," he says. The foreign trade departments of the trusts, Dr. Rosch explains, may be getting more responsibility, but it is the kind which "can cost them their heads. They simply will not risk it."

New 747 order by Cathay

By Ron Richardson

HONG KONG, Oct. 12.

CATHAY PACIFIC Airways, which is 60 per cent owned by Swire Pacific, has placed a series of orders and options for five more Boeing 747 commercial airliners.

The airline, which is due to take delivery of its first 747 next July has confirmed its option on a second aircraft for delivery in May 1980, moved forward a third option to September 1980, and placed three more options on 747-200B variants for delivery in 1981 and 1982.

If all options are exercised, the value of the total Boeing order would be more than HK$1.8bn (£190m). All the aircraft ordered or taken on option are to be powered by Rolls-Royce RB211-524B engines, similar to those already powering its seven Lockheed Super TriStars.

● Hong Kong and China today reopened passenger air links for the first time in almost 30 years.

Special charter flights, which will operate twice daily, will be taking Western businessmen up to Canton for the autumn trade fair there.

Today's inaugural Trident flight from Canton carried a 27-man party of Chinese officials, who were met by top Hong Kong Government and civil aviation representatives.

Another transport link is due to be forged next month with the opening of a ferry service from here to Canton using British-made hovercraft.

Reuter

RSV wins Algerian orders for power and gas industry plant

BY CHARLES BATCHELOR

AMSTERDAM, Oct. 12.

DUTCH SHIPBUILDER Rijn-Schelde-Verolme (RSV), has won three orders worth a total of Fl 114m (£28m) for power and gas-related equipment from the Algerian state company Sonatrach.

It is also discussing further projects in this field and the possible delivery of tankers to carry liquefied natural gas to Holland.

The orders which have just been placed with the RSV subsidiary, Thomassen Holland, are for the turnkey delivery of an electricity power station with 140 kM of high tension overhead cable and five sub-stations, three gas turbine compressors for use in gas processing plant at Hassi Messaoud and Rhourde el Bagel, and turnkey delivery of two gas compressor stations for gas injection to increase oil production.

The company also disclosed that India has asked the Dutch shipbuilder to tender for an undisclosed number of submarines for its navy. The Indian Government has also approached shipbuilders in West Germany, Sweden, Italy and France.

The Dutch Government has been told of the Indian request since the export of military or strategic equipment is subject to the approval of parliament.

RSV has made a provisional tender for the contract, but the whole affair is in a very early stage and no further details can be made known, a spokesman said.

In June RSV received an order for the first of two submarines for the Dutch Navy worth together Fl 425m. The two conventionally powered vessels will have special steel hulls allowing them to reach depths greater than existing craft.

The spokesman declined to say if the submarines involved in the Indian tender were of the same class as those being built for the Dutch Navy.

India hopes for rise in textile quota

By K. K. Sharma

NEW DELHI, Oct. 12.

TEXTILE quotas for India are expected to be raised 10 per cent by the EEC following talks with Indian Commerce Minister, Mr. Mohan Dharia.

Quotas were raised for some piece-goods after prolonged talks last year and a further increase will benefit the garments industry, which is facing a problem of surplus capacity.

The industry is particularly affected by the U.S. quotas despite their relaxation under the generalised system of preferences but it has been worried by the trend towards protectionism in Europe.

Floods threaten Indian steel output

BY K. K. SHARMA

NEW DELHI, Oct. 10.

THE INDIAN steel industry is threatened with closure temporarily as a result of flooding of coking coal mines in the Eastern Region, particularly the states of Bihar and West Bengal.

According to Mr. Biju Patnaik, Minister for Steel and Mines, the "situation is very bad."

Mr. Patnaik estimates the loss of production of at least 1m tonnes of saleable steel, both as a result of the direct impact of floods on the 1.6m tonne plant at Durgapur in West Bengal and the 1m tonne plant at Burnpur and also as a result of coking coal shortages.

The minister feels the country's steel plants may have to close down for some time since the transport system has also been affected by the floods and it may not be possible to take whatever coking coal is mined to the plants. Imports of coking coal are planned but the earliest they can reach the country is late November.

In view of the loss of production of steel, the Government may be forced to make substantial imports. There is already a shortage of some items, like structural steel, which are being imported.

But now other varieties will also have to be purchased abroad. Fortunately, the foreign exchange reserves position is sound and there should be no difficulty in making the imports.

Because of the easy foreign exchange reserves position, the Government today announced a further liberalisation in its industrial licensing policy. No new plant now needs to apply for a license provided the investment involved is less than Rs 30m (£2m) and the foreign exchange costs of equipment and raw materials do not exceed 10 per cent of the production value, or Rs 250,000.

Portugal seeks export boost

By Jimmy Burns

LISBON, Oct. 12.

SOME 600 potential buyers from over 20 countries are expected to attend a three-day textiles fair beginning here tomorrow.

The fair, organised by the Fundo de Fomento de Exportacao, the country's major export/import promotion institute, aims to draw orders particularly from Britain, West Germany and France and thus give the country's depressed textile industry its second major boost in less than a month.

In September, Portex, the annual textile fair held in Oporto, northern Portugal drew Es 5bn worth of orders from 28 countries.

Austrian deficit narrows

BY PAUL LENDVAI

VIENNA, Oct. 12.

THE AUSTRIAN balance of trade figures for the first eight months of this year show a significant improvement. This is partly a result of the government's squeeze affecting durable consumer goods, but also a consequence of the better than expected performance of exports.

According to the reports just issued by the Central Office for Statistics, imports during the January-August period were down by 0.7 per cent to Sch. 149.5bn (£5.3bn) compared to the same period last year. Exports expanded by 7.7 per cent to Sch. 112bn, narrowing the trade gap by Sch. 9.1bn to Sch. 37.5bn.

The results in August showed an increase in exports of 7.8 per cent to Sch. 13bn while the import bill was down by 2.6 per cent to Sch 18.5bn. As a result, the visible trade deficit in August was down by 21 per cent compared to the same month a year ago.

The good export performance is taken by the Arbeiter Zeitung, the ruling Socialist Party's central organ, as a proof that the exchange rate policy of a "hard Schilling" has on the whole been right. This view is of course disputed by many exporters who stress that they have managed to maintain market shares in the U.S., Britain or Italy *only* at the price of sharply reduced profit margins. The Schilling has gained about 12 per cent against the U.S. dollar since January this year—the latest median rate, for example, being Sch 13.76 to the dollar as against over Sch 17 to the dollar in January, 1977.

Kvaerner shelves Iran gas terminal contract

BY FAY GJESTER

OSLO, Oct. 12.

NORWAY'S KVAERNER group has shelved, at least for the time being, plans to build a Nkr 4bn (£400m) floating gas terminal for Iran. The contract, on which Kvaerner has been working for over three years, would have been the largest single industrial export order in Norway's history.

In a letter to the Iranian authorities, the group says it can no longer go ahead with the project on the original terms. A framework agreement between Kvaerner and the National Iranian Gas Company (NIGC), concluded last April, provided for Kvaerner to build the terminal, providing the U.S. Energy Department gave the green light before the end of this year for natural gas imports from Iran.

The Americans have not yet made up their minds, however, and in the meantime Kvaerner's Moss Rosenberg shipbuilding subsidiary, which was to have built the facility, has been awarded a major North Sea contract which will employ most of its capacity until about mid-1981. This is the main order, worth Nkr 1.6bn, to build and assemble the steel deck for the second concrete production platform on the Anglo-Norwegian Statfjord oil and gas field.

In a comment today, Kvaerner president, Carl Røtjer, said the group still hoped to be able to build the Iranian terminal some time in the future, but the whole contract would have to be renegotiated.

Meanwhile, the other main competitor for the Statfjord deck order, the Norwegian Aker group, has complained that it was not given an opportunity to submit a revised bid for the job after being informed by the Statfjord group that its first bid was too high.

Aker had hoped to build the deck at its Stord yard, which is an important employer in a region with few alternative job opportunities. The loss of the order is expected to cause serious unemployment problems in the Stord area, since the yard's order books are now almost empty.

Hilary Barnes adds from Copenhagen: Atlas, the Danish engineering company which specialises in meat processing equipment, has obtained a Kr 60m (£6m) contract from Iraq for the supply of a turnkey poultry slaughtering plant. The contract also includes a year's technical assistance in the operation of the completed plant, said Mr. K. R. Knudsen of Atlas meat industry division.

Finnish orders boost

BY LANCE KEYWORTH

THREE FINNISH companies have won substantial foreign contracts this week, a welcome sign in the branches involved after a long period of depression.

The first order in the consulting branch is a contract for a luxury hotel to be built in Egypt near the Giza pyramids valued at FM 50m (£5.6m). The Finnish companies are Makrotalo Oy and Urakoisijat Oy. The order, from El Shams Pyramids, is a turnkey project and everything will be Finnish including the furniture and fittings.

In the engineering sector, which has been expressing concern about the state of its order books for some time, the State-owned Valmet Oy is to deliver a fine paper machine to Bois Cascade of the U.S. The order is valued at FM 60m.

Valmet will also participate in the building of a paper machine in Vietnam value at FM 2-3m.

U.S. praises Irish returns

By Reginald Dale

BELFAST, Oct. 12.

IRELAND IS THE most profitable area in the world for investment in manufacturing by U.S. companies, according to a report by the Commerce Department in Washington which is being circulated by Ireland's Industrial Development Authority (IDA).

According to the IDA the report says that in the period 1974-77 U.S. subsidiaries in Ireland earned an average annual return on capital employed of 28.5 per cent. This compared with an average return on investment of 12.8 per cent for US subsidiaries throughout the EEC and a global figure of 12.3 per cent.

Ireland had the fastest growth rate of investment by U.S. companies—an increase of nearly 200 per cent in the ten years ending December, 1977. The attractions are a package of incentives offered by the IDA which include grants and loans to help start up costs. But above all there are tax exemptions on exports since most American companies—like Japanese ones—see Ireland as a convenient way to the huge markets of the EEC.

Dutch computer market study

By Charles Batchelor

AMSTERDAM, Oct. 12.

A NEW report on the Dutch computer market show IBM to be dominant but the strong position of Honeywell Bull and Philips means the U.S. company has a smaller market share than in many countries.

IBM took 30.1 per cent of the Fl 1.2bn ($580m) market in 1977 followed by Honeywell Bull with 14.4 per cent and Philips with 14.3 per cent, according to a review compiled by Berenschot Business Consultants in Utrecht.

One-third of Philips' share of the market is accounted for by large computers which the company has stopped making following the failure of its Unidata joint venture with Siemens of West Germany and CII of France.

This market will therefore be open to competitors when these computers are due for replacement, Berenschot said.

The number of installed general purpose computers rose 15 per cent to 1,910 in 1977—a "reasonable" rate of growth for the large computer end of the market.

HOME NEWS

RAY PERMAN sets the scene for this month's Berwick and East Lothian by-election

Each party waits for outcome of close battle

THE ABSENCE of a general election or a referendum on devolution in Scotland this autumn is likely to load the Berwick and East Lothian by-election on October 26 with a significance out of proportion to its importance in the normal run of political contests.

The result will be keenly awaited by all parties, not merely because the seat is a Labour-held marginal and therefore could quite possibly fall to the Conservatives. It will also come right at the beginning of a new parliamentary session in which the Government will be living from day to day.

Scottish Nationalists particularly will be looking to the result with interest. The seat is not one they can hope to win. Their showing in October 1974 was significantly worse than in similar rural areas of Scotland.

Slim majority

But its 11 SNP MPs are divided over whether they should support the Government during the coming session or help the Conservatives force Mr. Callaghan to go to the country and the performance of their candidate could give a valuable guide to how the SNP vote in other key areas would hold up if it were put to the test in a general election.

Labour, too, will want to see how its support stands. Recent Scottish opinion polls have given the Party a steadily increasing lead over the Conservatives and the SNP. Labour last month was said to have 52 per cent support against 24 per cent for the Tories, 18 per cent for the SNP and 3 per cent for the Liberals.

There has been no election in Scotland, however, since the Hamilton contest in June, so party leaders are anxious to see how these findings stand up to real voting figures.

Berwick and East Lothian was made vacant by the death of Professor John Mackintosh. He carved himself a slim majority out of an area which on paper should be solidly Tory, by maintaining a ruggedly independent stance on the right of the Labour Party.

There are a few small towns on the outskirts of Edinburgh in the north of the constituency where the closure of old pits has left the coal mining industry much reduced in size. From there, the area quickly opens out into rolling farmland which extends to the English border. An increase of 3,000 on the electoral roll could make considerable differences since the last election.

Professor Mackintosh won the seat from the Conservatives in 1966, lost it in February 1974, but regained it with a 2,740 majority in October that year.

His successor as Labour candidate will be Mr. John Home Robertson, who was given special dispensation by the National Executive to give up his candidacy in another seat in order to fight on his home ground. He was a close friend of Professor Mackintosh. He lacks the formidable political skills of his mentor, but has other qualities which will make him a strong contender.

He follows approximately the same political line: on the right of the Party, supporting devolution and is well-known locally as a farmer with a 3,000-acre estate.

His main opponent is Miss Margaret Marshall, selected as the Conservative candidate earlier this year after considerable political experience in the south. She is now a chartered secretary with a Scottish wholesale newsagents, and has been putting in a lot of work in the constituency. She has also had the benefit of a visit from Mrs. Thatcher last month.

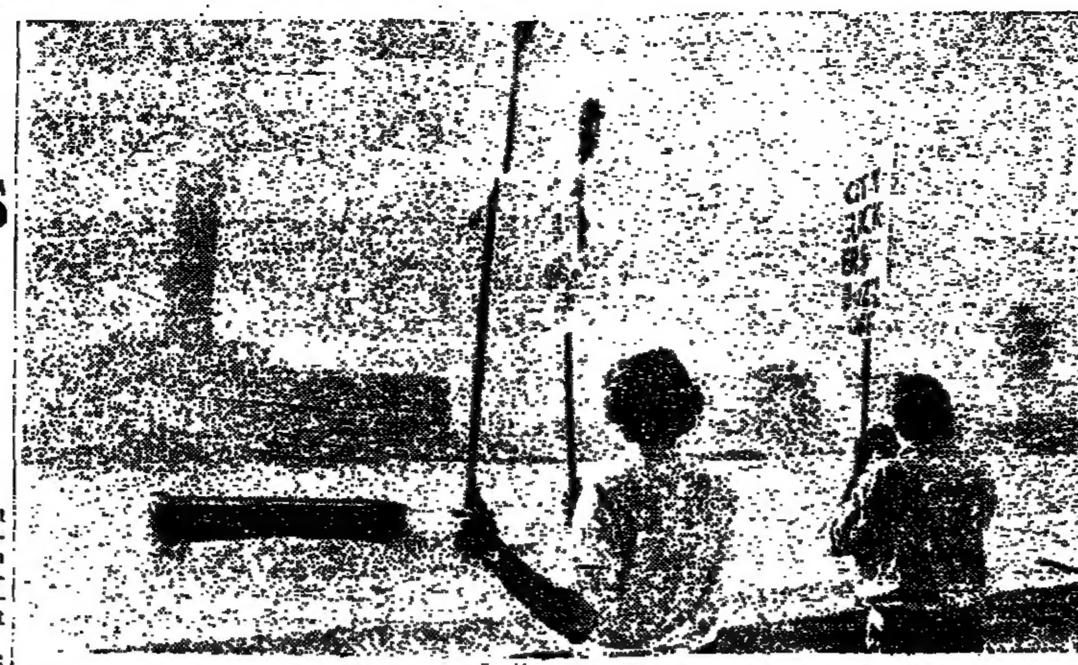
Opinion polls

The SNP has decided to make a fight of the election by replacing the prospective candidate with a stronger contender, Miss Isobel Lindsay, 34, a seasoned political campaigner. She is vice-chairman in charge of policy formation, and a leading Scottish Nationalist.

Liberal candidate will be Mr. Tam Glen. The seat borders that of Mr. David Steel at Roxburgh, Selkirk and Peebles, but the Liberal candidate came fourth last time with only 2,811 votes.

The evidence of recent opinion polls suggests that Liberal and SNP votes will fall, but where they go to could decide the outcome between the two main parties.

October, 1974: J. P. Mackintosh (Lab), 20,682; M. Ancram (C), 17,942; R. Macleod (SNP), 6,323; C. F. Lawson (L), 2,811. Labour majority, 2,740.



PLANS for a helicopter landing pad on the River Thames near St. Paul's Cathedral were greeted with protests yesterday from Southwark residents on the south bank and nearby business houses.

The British Helicopter Advisory Board wants to use a floating terminus off Trig Lane Stairs in the City for up to 3,000 flights a year. It has applied to the Greater London Council for planning permission and is trying to interest the Metropolitan Police in using the terminus for police helicopters.

The Corporation of London, which was asked by the Council to watch two test landings yesterday, said that the base could turn into an "executive paid for businessmen in a hurry."

The proposals will be debated by the Corporation's planning and communications committee on October 24 and then submitted to the Court of Common Council before passing to the GLC for a final decision.

Permission for regular helicopter landings within the City may raise further protests from business quarters.

LEP Transport, which has offices adjacent to Trig Lane Stairs, said that it did not want helicopters hovering nearby. And Southwark residents made their feelings clear with posters which read: "City slickers buzz-off."

Lynton McLain

New truck and bus engines announced by Leyland Vehicles

BY KENNETH GOODING

LEYLAND VEHICLES, the BL subsidiary, today announces a new range of diesel engines to replace the 500 series which once was plagued with problems and gained a bad reputation among truckers.

Although the 500 series technical problems were resolved some time ago, the marketing difficulties remained.

The new range is called the TL11, a family of conventional six cylinder, turbo-charged engines giving between 150 and 250 hp. It will be used for a variety of truck and bus operations.

The TL11 is related to the 20-year-old 680 series engines but Leyland insists it is not a direct development of the old engine.

It will replace progressively the 500 series in Leyland's Ergomatic truck range. Over the next few months the 24-ton Bison, the 30-ton Octopus and the 32-ton Buffalo trucks will go on sale with the new engine.

The 16-ton Lynx truck with a TL11 will be available early next year. Later in 1979 it will be fitted in its horizontal version to Leyland's Titan and Leyland National buses.

Leyland will introduce the new engines at the International Motor Show next week where the recently-introduced "Super G" luxury cab, featured on the group's medium and lightweight trucks, makes its British debut.

A new version of the best-selling Leyland National single deck bus will also be shown along with, in chassis form, the Leyland/DAB articulated bus, the Scammell Commander tank transporter and the advanced Titan double-deck bus.

Another BL subsidiary, Self-Changing Gears, will introduce a new automatic gearbox, known as the RVK 15L, at the Show. The four-speed transmission has been specially designed for the European City buses of the 1980s. It has an in-built torque converter which the company says makes gear changes easier and smoother—and almost eliminates "jerky" bus rides.

Insurance and pension investment in gilts hit peak

By Andrew Taylor

INVESTMENT in gilts and other public sector securities in the second quarter by the insurance companies and private sector pension funds was at its highest level since the first quarter of last year, according to figures in the Trade and Industry magazine.

These show net investment in gilts and local authority securities of just over £1bn by the private pension funds and insurance companies in the second quarter of this year.

This represents a 56 per cent increase over comparable figures for the first quarter, and is more than double the level of a year ago. However, there appears to have been a marked check of interest in gilts by the institutions since the second quarter.

This latest survey shows total net investment of only £364m in company securities. This is very slightly down on second quarter figures last year, but represents almost a 25 per cent improvement on the first quarter of the current year.

The heaviest investors in public sector securities—and currently most heavily in long-dated gilts—are the long-term funds of the insurance companies.

Net investment from these funds in public sector securities totalled £727m in the second quarter—231 per cent higher than in the first half and 78 per cent higher than the same quarter last year.

Company

Against this the funds showed net investment of £182m in company securities, 9 per cent lower than in the first quarter. Total net investment by the long-term funds rose to £995m—compared with £926m in the first quarter and £629m a year ago.

Total net investment by insurance companies' general funds was £180m, compared with £155m, for the previous three months, and £210m for the second quarter a year ago.

In the second quarter of the current year the general funds showed net investment in public sector securities of £108m—60 per cent of the total net investment shown for these particular funds.

The survey also shows total net investment of £376m for private pension funds, of which purchases of public sector securities represented £257m.

Recession in West Midlands office market 'could end soon'

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

THE FOUR-YEAR recession in the West Midlands office market could soon be over. In a review of the region published today surveyors Elliott Jones Martin show that there are 2.7m sq ft of offices empty in the West Midlands County Council area.

But in the commercial centres of Birmingham and Edgbaston the surveyors say that "there may be an acute shortage of office space within two years."

About 30 per cent of the empty office space was in old buildings of the remaining 1.94m sq ft of modern units, last year's 855,000 sq ft of lettings over the region represented a 31 per cent take-up rate.

As rents outside the main commercial centres averaged between £1.75 and £2.25 a sq ft it was still uneconomic to start developments and, with no new space coming on to the market, this take-up rate suggests that the over-supply was likely to be absorbed by the early 1980s.

Rents

In the central areas of Birmingham there was likely to be a shortage of modern offices far sooner. There was only 351,000 sq ft of modern office space available in central Birmingham less than 10 per cent of the total office content.

Last year's 150,000 sq ft of lettings in the city represented a 56 per cent take-up rate. In the commercial heart of the city, between New Street and Corporation Street, there were just 18,000 sq ft of offices standing empty, and rents of up to £6 a sq ft reflected the pressure for accommodation.

Comments about an office over-supply in the West Midlands took no account of growing shortages of space in prime areas. There would be an "acute" space famine in certain areas by 1980.

Dodge expands its product range

CHRYSLER UK's subsidiary Dodge is filling a gap in its product line by adding an eight-wheeled model to the 300 series range of trucks.

Together with a new six-wheeler, the new truck will be on view at next week's Motor Show, and on sale next March.

They will therefore appear at about the same time as Dodge's new light commercial vehicle, known as the 50 series, to be launched after a £9m development programme backed by Government funds made available under the 1976 rescue agreement.

The new 300 series models, aimed particularly at the construction industry, are similar in specification to the existing trucks in the range but feature a Chrysler BS 18, six-cylinder turbo-charged engine and the Chrysler 513 eight-speed over-drive gearbox.

The eight-wheel model is 28 to 30 tons and the six-wheeler is a 24-ton truck.

● The first phase of a redevelopment programme costing at least £500,000 for Chrysler UK's London dealership network has been completed with the reopening of its showrooms in Piccadilly, London.

By letting part of the premises to other users, Chrysler has more or less covered the outlay involved.

Through its subsidiary Robins and Day, Chrysler has probably the UK's biggest manufacturer-owned car distribution network with more than 30 branches. Between them they provide about 18 per cent of Chrysler's UK unit sales.

● Mr. Gilbert Hunt, chairman of Chrysler UK, said yesterday the company expected to export 20,000 of the Sunbeam hatch-back built at Linwood, Scotland, next year.

Production had been at a good level recently and the car has been reasonably successful in Belgium. Over the next two months it will be introduced in the West German and French markets.

Insurance company is sued

By John Moore

THE HOME Insurance Company of New York is being sued by three other insurance companies over reinsurance agreements.

Two writs have been issued, the first by the Highlands Insurance Company of Houston, Texas, and the second by the London and Edinburgh General Insurance Company and the American Home Assurance Company, for unpaid reinsurance claims of more than £100,000.

The Highlands Insurance Company says that it has paid out claims since January 1974, but although the Home Insurance Company has settled claims due under the terms of reinsurance until the third quarter of 1977, it has not paid up for the fourth quarter of 1977, or the first quarter of 1978.

Highlands claim £83,001 and £341,180; while London and Edinburgh and American Home claim £83,609 and £246,053 and £81,741 under their reinsurance agreements with Home. The disputed reinsurance business is understood to arise on mainly marine contracts.

More using private medical insurance

BY ERIC SHORT

MORE PEOPLE are making use of medical insurance to cover the cost of private hospital and medical treatment, according to figures released yesterday by Private Patients Plan, the second largest medical insurance organisation in the UK.

The company reports a record number of subscribers at the end of last month, amounting to 214,771, compared with the previous record number of 213,416 achieved in May, 1975. Thus the decline in membership experienced in 1975 and 1976 has been completely reversed.

The most noticeable feature of the Plan's figures is the increase in the number of individual subscribers over the last three months from 121,265 to 121,924 at the end of last month. Although the increase is small, this is the first year not to show a decline since the early 1970s.

Mr. David Lock, chief executive of the company, said that it was too early to forecast an end to the decline in individual membership, but the figures were an encouraging sign.

The chief growth in membership still comes from group schemes, either through new schemes being established, in spite of the pay policy restrictions, or by existing schemes extending the coverage. The number of group subscribers rose by more than 4,000 in the third quarter to 92,847.

Mr. Lock said that companies which previously covered only top executives for medical insurance now included staff down to junior management level. More interest was being shown in covering all employees.

Show pieces

TEN COLOUR televisions with the new Post Office Prestel telephone-linked viewdata information facility have been installed at some hotels in Birmingham for the pre-motor show period from Sunday to next Thursday.

Datsun dealers leave for talks in Tokyo

FINANCIAL TIMES REPORTER

THIRTY DATSUN dealers left London for 10 days in Tokyo, Japan, yesterday in a bid to discover why they have been chosen to "bear the brunt" of Japanese car import restrictions to Britain.

Mr. Peter Fletcher, chairman of the Datsun Dealers' Association said: "Our purpose will be to discuss our problems with the Japanese Automobile Manufacturers' Association and Sir Michael Wilford, the British Ambassador, and other parties concerned. We cannot understand why we should bear the brunt of the British Government's restrictions agreement made with the Japanese manufacturers."

He said that during 1978 Datsun dealers had been forced to cut sales by 10 per cent—or over 8,000 cars.

Council considers bid for redundant docks

BY OUR LIVERPOOL CORRESPONDENT

A MEETING of Merseyside County Council's Policy, Planning and Resources Committee has been called for this afternoon to consider making a bid for the 230-acre redundant South Docks at Liverpool.

The Mersey Docks and Harbour Company closed the South Docks in 1972 as an economy measure as trade moved to the north end of the port, and since then there has been considerable deterioration at the site.

Several private development schemes have been put forward, and two are now under consideration, one for a £60m trade centre on the Albert and Canning Docks site, and the other a £11m plan to turn part of the docks near the Pier Head into a shopping and recreation complex.

County Council chief officers are said to be concerned that the best sites might be snapped up, leaving only those least attractive to potential developers.

Sir Kenneth Thompson, County Council chairman, will outline the Metropolitan proposals to the Press before the meeting. He will indicate the options open to the Council, including possible purchase.

The main difficulty appears to be financial, because the asking price would probably be about £7m. At Sir Kenneth's insistence at the beginning of the financial year, the county set aside £3m for "special initiatives" aimed at boosting the local economy and easing unemployment. It is not known whether this would be topped up to clinch the deal.

Fewer foreign arrivals in January-July

ARRIVALS of foreign nationals in the UK during the first seven months of this year, at 5.86m, were one per cent lower than in the same period of last year says the Department of Trade in a joint statement with the British Tourist Authority.

The figures relate to Home Office returns of arrivals of nationals of foreign countries, other than the Irish Republic and the Commonwealth.

Arrivals of EEC nationals—which are shown irrespective of purpose of visit or length of stay—continued to fall by one per cent in July to 917,000 from July 1977. Total for the first seven months was three per cent lower than a year earlier.

The steady increase in arrivals of U.S. citizens continued in July. The total for the seven months, at 1,078,000, was nine per cent higher than in the same period of last year.

Mr. Huang Hua plans student trips to UK

BY COLINA MacDOUGALL

MR. HUANG HUA, the Chinese Foreign Minister on a four-day official visit to London, yesterday called on the British Council. He discussed China's plans for sending students to Britain with the chairman, Sir Charles Troughton, and other officials.

The talks were of a general nature, but he expressed particular interest in raising academic levels in China.

A British Council senior delegation is to visit Peking within a month or so to try to establish which Chinese standards equate with British requirements for higher education. This has not been necessary before as all Chinese studying in Britain were graduates.

However, during the recent visit to China by Mrs. Shirley Williams, Education Minister, it was agreed that about 1,000 students come here. Some of them will be non-graduates and most will be learning English.

The British Council, besides opening an office in Peking, is to send two English language teachers to be attached to the Chinese Ministry of Education. They will run courses in Peking and Shanghai.

Guide lists profit forecasts

A NEW publication, Earnings Guide Europe, launched yesterday, lists profit forecasts for major European companies and combines the forecasts to produce expected sector profit growths for this year.

The guide forecasts that light engineering, hire purchase and toys and games will be the best performing sectors of British industry, with profits growth of 34.4 per cent, 29.4 per cent and 28.4 per cent respectively.

The guide is being distributed free to 2,000 institutional investment directors and the finance directors of 500 British companies. It is financed by advertising income.

The publishers are Sterling Professional Publications, 86/88, Edgware Road, London W2.

Ulster State Hi-fi talks to Japanese company

BY OUR BELFAST CORRESPONDENT

STRATHEARN AUDIO, the State-owned Ulster hi-fi company, said yesterday that it was negotiating with AIWA of Japan about a possible joint venture.

Mr. Gordon Smyth, a Belfast businessman, who is chairman of Strathearn, said that he had discussed with AIWA Sales and Service UK manufacturing some of its products at the West Belfast factory.

His efforts had the full backing of the Northern Ireland Development Agency and Department of Commerce.

An agreement here would be the first involvement in Ulster by a Japanese manufacturer, and boost the Government's efforts to attract investment there.

Mr. Smyth said that a team from Tokyo would soon be in Belfast to make a feasibility study which would provide a basis for further negotiations.

Mr. Roy Mason, the Northern Ireland Secretary, said that he had had lengthy discussions with the president of AIWA during a recent industrial promotion visit to Japan.

He welcomed the company's interest in "the skills and facilities" available at the Belfast company, and hoped negotiations would succeed.

Strathearn, which has received nearly £9m from Government funds, appears to be recovering from the severe difficulties which have beset it since its inception as a fully State-owned firm.

Almost a year ago it pruned its work force and range of products in the face of threatened closure.

Mr. Mason said: "When I returned from Japan I made clear my belief that our best investment drive was paying off. We are embarked upon the most vigorous industrial promotion effort in the post-war years, and despite the shortage of investment Ulster is achieving its breakthrough."

Insurance group sets up company in Guernsey

IN ITS first move into the overseas field, the National Employers' Life insurance group has set up a Guernsey-based subsidiary, NEL International, to write Channel Islands business and provide a base for international marketing operations.

Locally, the company is marketing a full range of life assurance, endowment, health insurance and mortgage protection schemes. It is issuing Channel Islands policies based on a Guernsey life fund and subject only to Guernsey legislation.

A range of contracts is to be launched soon for expatriates working round the world.

NEL International has a fully paid-up capital of £100,000. Its offices are at St. Julian's Court, St. Peter Port, Guernsey.

Help for aged scheme starts with £32,000

SECONDARY SCHOOL students who give practical help to elderly and disabled people are to be supported by a £32,000 Government grant. Mr. Alfred Morris, Minister for the Disabled, said yesterday when he visited Salford, where the new project will be based.

Mr. Morris said it was inspired by work done at Walkden High School, Salford, which he visited last year.

He said the aims of the project, called School Concern, were to give practical help to people in special need and children a better understanding of, and sympathy with, the problems of the disabled.

Reassess EEC—Powell

MR. ENOCH POWELL last night urged the Conservative voters to press the party at the next General Election for a reassessment of Britain's EEC membership.

Most Tories "detest the European scrape that Edward Heath got them into." Mr. Powell claimed at a meting in Southborough, Kent.

The party had a glossy surface of Europeanism, but the reality was otherwise. Electoral pressure could enforce a change of policy. "The Conservative Party may not care about Britain, but it cares about votes."

Mr. Powell said that if Labour was returned to office, the party's anti-marketeers would be held on tight rein. If Labour was in opposition it would come out in favour of its Conference demand for fundamental changes in Britain's relations with the EEC.

Flood of wine checks saleroom demand

BY EDMUND PENNING-ROWSELL

CHRISTIE'S third extensive auction of fine wines in three weeks yesterday produced few exceptional prices, except among single-bottle rarities.

The flood of wine, much of it from trade sources, now pouring into the London salerooms—Sotheby's has recently also held a fine-wine sale—appears for the moment to have becalmed demand even for the sought-after first-growth clarets.

So prices were generally below their best in recent months, emphasising their reliance on foreign buyers, though American buyers were prominent yesterday.

Rarities fetched high prices, led by a single bottle of Yquem 1869—a famous vintage—that went for £440 to an English buyer. Other single bottles of Yquem vintages included the 1922 (£66), 1924 (£74), and a 1945 (£82).

A bottle of Montrose 1870 brought £60, one of Mouton-Rothschild 1928 reached £92, a double-magnum (equals four bottles) of Lafite 1945 secured £630, and another of Petrus 1953 made £290.

If the ever-popular 1961 first-growth made no new records, prices remained firm with Lafite at £660 per dozen, Mouton-Rothschild at £560, Ch. Margaux at £540, Latour at £520 and Haut-Brion at £500.

A large slice of the sales was occupied by 150 lots—mostly clarets, but including other fine wines, which were sold by Sacone and Speed, with a generous proportion being donated to the Battle of Britain Museum Appeal Fund.

The total of these was £22,264, and for the whole sale £69,431, representing 94 per cent actually sold.

New moneyshop

BOSTON TRUST and Saving has opened its first moneyshop in Scotland. It is at 5 St. Andrews Square, Edinburgh, and is the company's 16th in the UK.

Fashion credit

SNOB, the women's fashion group, yesterday launched its own credit card system in its 16 stores. The system is funded and administered by Barclaycard, the retail credit arm of Barclaycard.

Bad planning 'may kill northern villages'

BY MAURICE SAMUELSON

YORKSHIRE'S villages may be "killed off" like many of those in the South-East as a result of faulty planning policies, a property expert said yesterday.

Within a few years, families who have lived for generations in rural parts of North Yorkshire will no longer be able to live there, according to Mr. Philip Booth, York partner of the estate agents, Bernard Thorpe and Partners.

He blamed local authorities who refused to release enough village land for ordinary residential development. As a result, builders were putting up dearer houses — from £30,000 upwards—which were sold mainly to commuters and other townspeople.

Older village properties, too, were increasingly bought by commuters, some from as far away as Leeds. With younger local couples unable to settle in the villages, the smaller schools were being closed and village life would be affected.

The restrictive policies resulted from a decision of the North Yorkshire county planners to "save" villages from excessive development. These policies would have the very opposite effect.

Mr. Booth's comments were based on a report on the property market in the York area, which his company has sent to heads of local industry, professional practices and commerce.

13/10/78

Tour operators fined total of £3,000

BY ARTHUR SANDLES

ONE OF BRITAIN'S biggest tour operators, Intasun, with its sister company Intasun North, have been fined a record total of £3,000 by the Association of British Travel Agents after complaints from customers.

In another assocation decision, the recently-floated Saga Holidays group, which specialises in holidays for older people, was fined £500 after complaints over material changes to holidays booked by customers: ways of dealing with correspondence; and the company's system for sending out tickets.

Each of the privately-owned Intasun companies was fined £1,500 for not telling passengers that their holiday hotels were different from those they had booked until they had arrived at the airport of departure.

The Intasun group is one of the fastest growing in the travel business. Last year it carried 250,000 passengers and is the prime mover in a new airline, Air Europe, being set up next year

Mr. Sidney Perez, a director of Intasun, said yesterday: "This dramatic growth in volume, coupled with hotel overbookings which affected the industry overall, and the delays at airports due to air traffic controllers' disputes, put undue pressure on our organisation.

"These facts resulted in certain passengers going on holiday without being previously informed that accommodation was different from that originally confirmed."

GEC sets up U.S. link to make control gear

BY MAX WILKINSON

THE General Electric Company is making a further move into the U.S. market with the setting up of a new company to make and manufacture control gear.

The new company will be a joint venture with the Turbodyne Corporation of Minneapolis, a Studebaker-Worthington company. GEC will have control, with 51 per cent of the shares.

It is expected that sales of between $17m and $20m will be achieved in the third year.

The company, which plans to have a workforce of 178 after two years, will make a range of alternating current variable speed drives, electric motor starters and similar equipment.

Most of the products will be based on GEC technology. But they will be sold through the Turbodyne marketing network.

GEC has been planning for some time to expand its operations in the U.S. market which represents about half the world's sales of electrical goods.

Its largest European rival, Siemens of Germany, has been expanding rapidly in the U.S. where it now has 10 subsidiaries or associated companies.

GEC's expansion in the States has been somewhat slower. With a diesel engine factory in New York, a gas turbine factory in Texas and a small components factory in Georgia, it had a turnover of about £75m in the U.S. last year.

The company has hired Mr. Geoffrey Cross, former managing director of International Computers Limited (ICL) as a scout for possible purchases.

So far, there have not been any outright purchases, although a joint semi-conductor deal with the Californian company, Fairchild, was recently announced. But this will be based in the UK rather than the U.S.

This summer, GEC announced a joint venture with the U.S. company, Fisher in the field of control valves.

Rival may bid for co-op venture

By Our Industrial Staff

A SMALL West of Scotland engineering company formed only last year is considering bidding for the troubled Kirkby Manufacturing and Engineering workers' co-operative on Merseyside.

The Scottish company, Erskine Westayr (Engineering), is a competitor of the co-operative in the manufacture of central heating radiators and was asked last month whether it would be interested in making a take-over bid.

It is one of a number of possible bidders for the co-operative who have been interviewed during the past few days by the working party set up by the Department of Industry to see if the enterprise can be saved.

The working party has approached all the companies and individuals who expressed an interest in the co-operative and it is still willing to receive fresh approaches.

Mr. Mike Giambattista, a former U.S. submarine commander who took over Erskine Westayr last year after it had gone into receivership as Dunlop Westayr, told the working party he was convinced he could turn the co-operative into a profit-making venture.

Steel output higher last month but average still low

BY ROY HODSON

STEEL PRODUCTION recovered last month after August holiday mill closures. The month's weekly average of 410,000 tonnes still reflects the depression in steel trading, and was 7 per cent below the level of working of a year ago.

Order books are short. The British Steel Corporation and the British Independent Steel Producers' Association said last night in a joint statement that there were no indications of a significant improvement in the near future.

Output in the first nine months of this year averaged 384,500 tonnes a week, 4.4 per cent below the same period last year.

British Steel does not expect to produce more than about 17m tonnes in the year, compared with 17.4m tonnes last year, and expects to lose some £400m.

Sales to the U.S are unlikely to be pressed harder in the next few months because of outspoken opposition of U.S. steel companies to the volume of imports from Europe.

The depression in trading is most evident in the poor demand for flat-rolled products for car production, white goods, and general engineering.

£½m. for Victor Products

BY MAURICE SAMUELSON

VICTOR PRODUCTS (Wallsend), a Tyneside-based light engineering company, is to receive £½m aid from the EEC for a three-year expansion and re-equipment project which will create at least 100 new jobs.

The money, in the form of low interest loans, comes from the European Coal and Steel Community, which allocates funds to companies in areas where coal and steel workers have been made redundant.

The loan to Victor Products will be administered by the Industrial and Commercial Finance Corporation, a subsidiary of Finance for Industry. The corporation has agreed to lend £1.4m of ECSC money to companies in the North-East in the last year.

State agencies 'fill equity gap'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A STAUNCH defence of the need for State agencies such as the National Enterprise Board to fill an "equity gap" in the development of high technology industries was launched yesterday by Mr. Richard Morris, the Board's deputy chairman.

"We at the NEB have concluded that there are areas where, given the current attitude of British management, it is necessary to help finance new industries which are at the forefront of technology," he told a chemical engineers' symposium in London yesterday.

He said the gap existed in the City and sectors of industry.

This had led the Enterprise Board into its decision to invest up to £50m in its INMOS microelectronics venture.

There was also a research gap and he said that some properly directed Government research was essential. While Government support for research and development was at a "high and internationally acceptable level," the sums spent specifically on industrial innovation with a particular market or commercial return in mind were small.

Mr. Morris joined the Enterprise Board this year from Courtaulds, where he was a director with special interests in research and technical developments.

"One reason why I made my move to the NEB was that during my time in industry, albeit with one of the most progressive parts of it, I realised that although there was a lot of talk about competition from abroad and about how we were uncompetitive in world markets, little was being done of a concrete nature to change this," he said.

"I saw the NEB as one vehicle which, for better or worse, was going out and tackling this problem head on.

"After six months I am more than ever convinced that it has a key role to assist and promote greater efficiency and the ability to compete in selected sectors of industry."

The Enterprise Board had demonstrated its ability to invest in advanced technology and was ready to support further viable projects. But companies also had to be stimulated to invest themselves.

Advertising law plans

BY MICHAEL THOMPSON-NOEL

THE Government is determined to formulate firm legislative proposals to prevent false advertising claims, Mr. Roy Hattersley, the Prices Minister, said yesterday.

The proposals would be introduced after some months even if the advertising business refused to discuss the improvement of existing controls

Mr. Hattersley told an advertising conference in London that the weakness of the present system made it necessary to consider statutory control with sanctions against offenders to reinforce the powers of the Advertising Standards Authority.

No-one doubted advertising's potential benefits. But advertisers could mislead or obscure. They could prop up old products and existing supplies, making it harder for new producers to enter the market.

Big companies given Government aid

BIG COMPANIES such as Plessey, Pye, Ferranti and Mullard are among a list of businesses that have received State aid under the Government's £20m electronic components industry support scheme introduced early last year, writes **John Elliott.**

So far, the Government has promised aid of more than £13m for the development of projects costing a total of more than £52m.

At the same time it has promised £8m aid for projects costing £40m under its non-ferrous industry scheme which was also introduced early last year. This could result in an increase of 1,500 jobs.

The figures have been reported to the National Economic Development Council by Mr. Eric Varley, Secretary for Industry, to show the contribution that his Department's selective aid schemes are making in bringing forward industrial investment.

The aid given under the electronic components scheme to Pye of Cambridge is for rationalisation of production facilities at Pye Connectors in Biggleswade.

Plessey Optoelectronics and Microwave of Towcester has been helped with developing light emitting diode displays for professional and defence markets, while Ferranti's electronic components division in Oldham has received aid for developing radio frequency transistors.

Mullard in Southampton has been helped with the development and pre-production work on thermo-electric coolers for infra-red detectors. None of these companies has disclosed the amount of aid received.

Miles Platts of Leicester however, is known to have been allocated £35,550 aid towards the product development of transformer bobbins in metric sizes, while £72,827 has been promised to Compugraphics International of Glenrothes for work connected with photomasks required for integrated circuit fabrication.

Welwyn Electric of Bedlington has been allocated £33,528 for work on power metal oxide resistors.

The Department expects that all the £20m allocated to the scheme will be used up. The formal closing date for applications was in July and, in addition to general inquiries now being processed, firm applications for £2.3m aid have been made.

The objectives of the scheme are: to improve manufacturing techniques and productivity, product quality and specification; to develop and launch new products and electronic materials; and to modernise and rationalise production facilities.

This was considered necessary by the Government. Mr. Varley has told the Development Council "because possession of a healthy electronics industry is becoming a necessity for any advanced industrial country, and an essential basis for this is the ready availability of suitable electronic components."

Microelectronic projects are included in the components scheme but, during the past few months, they have also been provided with two other special aid schemes together worth £85m.

Ravar Kerman carpet fetches £45,000

SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S ended its sixth series of sales of Islamic works of art with an auction of rugs and carpets which brought in £584,070, and a coin sale which made £59,723. The top price in the carpet sale was the £45,000, plus the 10 per cent buyers' premium, paid by a U.S. dealer for a Ravar Kerman carpet of about 1894, which measured 18 ft 7 in by 10 ft 11 in. The price was well above forecast.

Other high prices were the £27,000 paid for a Heriz silk rug, of about 1840: £23,000 from a Zurich dealer for a Kashan silk and metal thread prayer carpet, of about 1900: £17,000 from the Mansour Gallery of London for a Kashan pictorial rug, also of about 1900; and the £16,200 for an Esfahan carpet, made about 1930.

Silk rugs, which went for about £5,000 at the last sale, were going for approximately double this level yesterday, and good quality items were doing better than the older rugs and carpets in a more battered condition.

Among the coins, Spink gave £10,000—more than double the estimate—for a rare 500 guerche of the year 1277 AH. Qajar coins from Iran were much in demand and a 10 tomans of 1311 AH made £2,400, and a 2 tomans of 1271, £2,000.

At Sotheby's, Belgravia, silver realised £72,076 with a top price of £3,600 for a large Edward Barnard and Sons six-light centre-piece of 1853.

A Persian manuscript, the Conjunction of Two Lucky Planets, an account of the meeting of Sultan Nu'izz ud-Din Kikkaikhubad and his father Nasir ud-Din Bughra Khan, Sultan of Bengal, was sold at Christie's yesterday for £55,000.

It was the top lot in a sale of Islamic manuscripts and miniatures which made £268,706. The purchaser was Atigetchi, a dealer from Tehran buying on behalf of a client.

Among Arabian manuscripts a Shiraz Qur'an, c1550, went to Afsar, the Paris dealer, at £14,000

PUBLIC NOTICES

CENTRAL REGIONAL COUNCIL
£2m Bills issued 11th October, 1978, due 10th January, 1979, at an average rate of 9.445% per annum. Applications totalled £14m. Bills outstanding total £5m.

GLOUCESTER CORPORATION REVENUE BILLS
£500,000 Bills maturing on 10th January, 1979 were offered and issued on 11th October, 1978 at an average rate of 9[illegible]% p.a. Total applications for this issue amounted to £2,100,000 and these are the only Bills in issue.

GLOUCESTER COUNTY COUNCIL BILLS
£2,500,000 Bills maturing on 10th January, 1979 were offered and issued on 11th October, 1978 at an average rate of 9[illegible]% p.a. Total applications for this issue amounted to £15,000,000 and there are £2,500,000 Bills outstanding.

METROPOLITAN BOROUGH OF STOCKPORT BILLS
£3,400,000 Bills maturing on 10th January, 1979 were offered and issued on 11th October, 1978 at an average rate of 9[illegible]% p.a. Total applications for this issue amounted to £20,800,000 and there are £1,000,000 Bills outstanding

SUFFOLK COUNTY COUNCIL BILLS
£3,000,000 Bills maturing on 9th January, 1979 were offered and issued on 10th October, 1978 at an average rate of 9[illegible]% p.a. Total applications for this issue amounted to £24,500,000 and there are £8,000,000 Bills outstanding.

CONSERVATIVES AT BRIGHTON

Orthodox sermon on Tory virtues

By Elinor Goodman

THE NOW daily duty of putting the record straight in the wake of Mr. Edward Heath fell yesterday to Sir Keith Joseph, the shadow industry secretary, and a man of impeccable loyalty to Mrs. Thatcher.

Without actually mentioning the former leader's name, and so pandering to what is regarded in the shadow cabinet as his insatiable and thoroughly unseemly appetite for publicity, Sir Keith delivered his strictly orthodox version of the gospel of free enterprise.

Representatives had already heard two sermons on the same subject from Mr. Prior and Sir Geoffrey Howe but it did not seem to lessen their enjoyment of Sir Keith's.

For while Mr. Prior had spoken with the experience of a missionary who has been into the enemy camp, and Sir Geoffrey had preached the establishment High Church line, Sir Keith delivered his rendering with the vision of someone who has seen the light and is desperate that everybody else should have the same opportunity.

Headmaster

Adopting his normal didactic manner, Sir Keith painstakingly picked up the points made by previous speakers, like a headmaster handing out prizes for effort at the end of term.

A Mr. Peter Jones was highly commended for his moving contribution to the debate while young Jonathan Gillen was praised for his powers of observation.

Britain's economic problems were not due to an innate lack of intelligence in the British race nor to the poor quality of British management, Sir Keith assured his audience.

Rather, it had more to do with the nation's failure to understand hard economic reality.

The audience duly rose to its feet to applaud Sir Keith but the real star of the morning's debate was Mr. Eric Morley, the recently deposed head of Mecca.

In the absence of Mr. Freddie Laker, the Tories could not have asked for a more convincing testimonial of what Mr. Morley himself neatly cliched as the "college of hard knocks."

Speaking as the prospective Parliamentary candidate for Dulwich, Mr. Morley seemingly forgot the massive sums of money which the party has spent on advertising over recent months, and urged Conservatives to start selling themselves.

Genteel

Tories, he suggested, should be prepared to stand up and be counted on free enterprise.

Judging by their reaction, the representatives were more than happy to stand up for free enterprise.

But some were less happy about standing up and openly challenging the party line on Europe. The last session of the afternoon broke up among scenes which once again seemed more suitable for Blackpool than the genteel surroundings of Brighton.

Delving into the little red Tory conference rule book, a group of anti-Marketeers demanded a secret ballot on their anti-EEC amendment.

The chairman, who pronounced the phrase "secret ballot" as if it was something borrowed from an alien hippy culture, said such a move would require 250 representatives to stand up and show their support for the ballot.

Despite the venom of the anti-Market feeling expressed during the debate, the necessary 250 brave men could not be found and, to everybody's intense relief, a semblance of party unity was once again preserved.

Heath snubbed again over incomes policy

SIR KEITH JOSEPH, the Tory spokesman on industry and the party's chief policy adviser, was loudly applauded by delegates yesterday when he came out against the use of firm pay controls under a future Tory Government.

His remarks were in marked contrast with those of *Mr. Edward Heath*, the former Conservative Prime Minister, who on TV the previous night strongly defended the concept of an incomes policy and approved of the efforts of Mr. Callaghan, the Prime Minister, to maintain the 5 per cent wage guidelines.

"We do not think that controls on pay, prices and dividends, on balance, do good for the people of this country," Sir Keith told the conference.

He maintained that the most effective way of combating inflation was by the use of sensible policies on money, Government spending and borrowing, and on taxation.

There also had to be cash limits in the public sector and target rates of return laid down for the nationalised industries.

If these policies were introduced by the Conservatives and people were still unrealistic about their levels of pay then they would price themselves out of jobs.

"This will be more effective than a cat's cradle of controls," said Sir Keith.

He went on to attack overmanning as the British disease which resulted in low pay and a lack of competitiveness.

"The people are being led by their noses down the garden path to poverty and decline," he declared. His speech received a standing ovation at the end of the debate on free enterprise and industry.

Sir Keith said that management was often blocked by lack of co-operation and by obstruction from the shop floor. This took the form of over-manning, restrictive labour practices, resistance to new machinery and new techniques.

"Over-manning is perceived as protecting jobs," he went on. "But in fact it makes us less competitive. By putting up costs and keeping profits down it actually reduces jobs.

"It narrows our markets, it reduces our sales, it reduces jobs and the standard of living and social services."

The only jobs protected by British overmanning were those in Germany and Japan. It was a large part of the "British disease" and the Government actually encouraged it.

"It is suggested that jobs come from the Government, which is rubbish. Governments have no money except what they take from the taxpayer rather than the consumer."

The apparent suicide of London Docks, of many shipyards, of parts of British Steel and British Leyland were products of the Government stepping in with taxpayers' money and coming between the decisions of men and the natural consequences of those decisions.

The next Conservative government would announce a monetary programme, and reduce wasteful government spending, cut government borrowing and bring down the level of direct personal taxation.

But there was a limit to the powers of government. A Conservative administration would aim to create a framework in which people would act spontaneously in their own interest because it would be worth their while. This would turn out to be in the national interest.

The conference approved a motion reaffirming the party's determination to fight against state interference in industry.

It condemned the Labour Party home policy committee proposal to nationalise leading manufacturing companies, banks and insurance firms.

Sir Keith Joseph: looking for spontaneous self-interest

Morley steals the show

MR. ERIC MORLEY, who got a £200,000 golden handshake this week after being sacked as chief of Mecca, won a rapturous reception from conference for his passionate defence of free enterprise.

"I joined Mecca after I came out of the army. It had £200,000 profits. I left them making just over £30m. That is free enterprise."

The prospective candidate for Dulwich chided delegates for not being aggressive enough in "selling" the ideas they believed in. "You do not get up there and tell your story of free enterprise. You leave it to the CBI — a lot of faceless wonders."

Mr. Morley, shown above with his wife Julia, also made a joking reference to his dismissal from Mecca. "I went to the college of hard knocks," he told delegates. "Last week, I received my doctorate."

PR 'would wreck Tory Party unity'

CONSERVATIVE SUPPORTERS of proportional representation suffered a crushing defeat after warnings that a commitment to change the existing electoral system would split the party.

Attacks on the unfairness of the traditional first-past-the-post method of voting were met with fierce heckling from the floor and impatiently swept aside by Mr. Nicholas Edwards, shadow Welsh Secretary, who stressed the need for unity in the coming General Election.

Reflecting the view of Mrs. Margaret Thatcher, the Conservative leader, he declared: "Our first priority as a political party now is to challenge Socialism head-on and win."

A motion, selected for debate as a result of a ballot, which caled on the next Conservative Government to introduce a form of proportional representation was overwhelmingly defeated.

Tory supporters of proportional representation took some comfort from the fact that the luck of the ballot had at least enabled them to overcome the objections of party managers to putting the issue before conference. They were also cheered by Mr. Edwards's recognition that the debate was part of a continuing process aimed at securing a consensus — within and without particular parties — in favour of electoral change.

But Mr. Edwards stressed: "It seems to be unchallengeable that any attempt to commit our party at this stage to PR for the Westminster Parliament would divide our party. Legislation in the House of Commons would meet bitter opposition."

To loud applause he underlined the dangers of PR leading to fragmentation and a multiplicity of parties.

Doubts

"If the complaint is that under our present system a minority can be given absolute power, surely we are also entitled to express doubts about a system that enables much smaller minorities to have the decisive say in the government of their country."

Mr. Edwards claimed that the assumption that PR could be used as a device to secure the moderate middle ground of politics and keep the Left at bay was a delusion.

He declared: "Surely the one lesson we must all have learned over the past year is that the minority parties in this country, individually and collectively, are prepared, at almost any price, to sustain a Socialist Government and that only the Conservative Party is single-minded in its determination to fight and to defeat Socialism."

Mr. John Smith, Sheffield Hallam, who opened the debate, maintained that PR offered the best way to re-establish the authority of Government and the supremacy of Parliament.

A democratically elected Government, drawing its authority from a fair electoral system, would be able to govern effectively and without having its policies frustrated by Left wing or other extremists.

"We must recognise that industry and commerce cannot possibly prosper without stable economic and social conditions —conditions which our present system has signally failed to provide in recent years."

Mr. Smith hit back strongly when hecklers taunted him for pointing out that in 1974, 6m votes cast for the Liberals had only produced 13 MPs.

Swapping

Mr. Anthony Wigram, chairman of Conservative Action for Electoral Reform, argued that the Conservative Party and the nation would benefit by placing greater trust in more representative democracy.

He believed that the swapping of power between the two major parties gave Socialists an advantage because their aim of smashing society was more easily achieved than the Conservative aim of building it up.

Mr. Wigram reminded conference that the Tories had been in office for longer periods since the war than the Socialists, but they had been unable to prevent the drift to the Left.

Only electoral reform, he argued, could prevent some future Labour Government elected by a minority of people and dominated by a minority of extremists from claiming a mandate for reversing Conservative measures.

Strongly opposing PR, Mr. John Selwyn Gummer, prospective candidate for Eye, contended that its introduction would lead to the composition of the Government being decided by deals entered into after the ballot boxes had closed.

"That is not democracy. It is the kind of thing which brings democracy into disrepute."

He urged changes in the existing system, including reform of the House of Lords, to ensure that it could stop one party and one chamber dictatorship. The powers of Select Committees of the House of Commons should also be strengthened.

Mr. William Waldegrave, prospective candidate for Bristol West, scoffed at those who saw PR as a cure-all which would provide political stability.

In an apparent reference to his role as one of Mr. Heath's aides at 10 Downing Street, he stressed that some of the most dramatic reversals of policy since the war had not been between Governments but in the course of the life of a single Government.

Detente under scrutiny

THE TIME has come for Britain to move over to the diplomatic and political offensive in her relations with the Soviet Union, Mr. Richard Luce, Conservative deputy spokesman on foreign affairs, told the conference.

"Real peace in the world can be maintained only through strength. The Russians understand and respect not just blunt speaking, but deeds as well."

Speaking in the foreign affairs debate, he made it clear that a Conservative government will be prepared to take a much tougher line over Britain's trading arrangements with the Soviet Union.

"We want normal trade and exchange on fair terms," he said.

"But can it be right to persist with the provision of easy credit facilities, Western technology and grain supplies so long as the Soviet Union seeks by every means to undermine us in the West? This is the point we must face up to."

Detente was indivisible and it was time the Soviet Union was made to recognise that. Russia's enormous indebtedness to the West enabled the Kremlin to divert more resources to increasing Soviet military strength.

"We in the West seek detente. The Soviet Union seems to be going out of its way to undermine detente."

At present, all the cooperation seemed to come from the West and all the confrontation from the Soviet Union. If this persisted, then detente could degenerate into a cold war and even worse.

"The next Conservative government will be seeking peace and understanding with the Soviet Union," he continued. "But the lesson of history is taht we cannot have peace at any price."

At present, Britain's foreign policy was in disarray. The task of a Conservative government would be to work closely with NATO, the U.S. and our other allies.

In addition, he repeated the call made earlier this year by Mrs. Thatcher that there should be a closer link between NATO and the EEC.

We must work, too, with the Chinese to try to get a coorinated approach towards the threat we face from the Soviet Union.

Mr. Luce wanted to know how Russia could possibly justify its huge growth in armaments and its current policy of subversion in Africa.

"All the Soviet Union brings to Africa is destruction and death."

The Russians were doing their best to exploit the instability in Africa and were giving their full backing to the 45,000 Cuban troops now in Africa.

We had to stand up to the Soviet Union, he said. Russia was morally and ideologically bankrupt and the West had to defend individual freedom.

Conference approved a motion calling on the next Conservative government to review detente and to re-examine technological exchanges, trading policies and credit loan terms with Russia and Comecon.

It also called for a policy of increasing military growth.

I've been gagged over Rhodesia, says Amery

over Rhodesia rumbled on at the conference yesterday when Mr. Julian Amery, a leading opponent of sanctions against Rhodesia, was not allowed to speak in the foreign affairs debate.

He had also tried to put down an amendment calling for the removal of sanctions on the grounds that South African minerals and the Cape shipping route were essential to the Western economies. But this was not called for debate.

Later he claimed that he had been "gagged" and predicted that there could well be trouble from Conservative MPs who are opposed to sanctions when Parliament resumes.

It is now possible that a significant number of them will rebel against the official party line which favours the continuation of sanctions. They could decide to vote against the annual order renewing sanctions when it comes up in the Commons in November.

Earlier this year 88 Tory MPs put their names to a Commons motion opposing sanctions.

The decision not to allow Mr. Amery to speak yesterday appeared to flout all the conventions of Tory conferences. As the local MP for Brighton Pavilion and as a former Minister of State at the Foreign Office, he had a double claim to be heard.

"I think it was very silly not to let conference blow off steam and say what it felt," he commented later.

"It would have given the leadership an indication of the strength of feeling."

There was also applause when conference chairman said he had sent a goodwill message to Mr. John Davies, the Shadow Foreign Secretary, who was unable to take part in the debate because of illness. The previous day Mr. Davies had been given a rough reception from delegates when he refused to commit the Shadow Cabinet to the removal of sanctions.

● Britain and America will launch a new initiative to get an all-party conference on Rhodesia, former Rhodesian leader Mr. Garfield Todd claimed at a conference fringe meeting yesterday.

Mr. Todd, Prime Minister of Southern Rhodesia between 1953 and 1958, had arrived from a private U.S. visit during which he met Secretary of State Mr. Cyrus Vance.

Gilmour in pledge to strengthen forces

A PLEDGE that the next Conservative government would strengthen the armed forces and restore servicemen's pay to full comparability with other sectors, was made by shadow defence secretary Sir Ian Gilmour, at the Tory conference in Brighton yesterday.

Delegates unanimously passed a resolution urging the Conservatives to "restore Britain's defence expenditure to the level necessary to safeguard our freedom and democracy."

Sir Ian said the Government had allowed forces pay to fall 33 per cent below its proper level, and had refused in this year's settlement to bring it any closer to a proper comparability.

"This Labour Government has given the armed forces the worst four years they've ever had in modern times, and its now up to us to make restitution," he said.

The "craven socialist Government" had starved all the services of essential equipment. "What a disgraceful way to treat a body of people whose skill, efficiency and devotion to duty are unrivalled in Britain today," he said.

He said the Tories would end Labour's "defeat, folly, and neglect" on defence.

"We will strengthen all our armed services, the air protection of this country, the naval protection of our sea lanes, our regular army and our reserve forces.

"We believe that the threat faced by Britain today is greater than its been since the last war," he said. "We have to safeguard our freedom and democracy."

Mr. Robert Atkins, from North Preston, moving the motion, warned of the threat posed by "rampant Russian Imperialism." He added: "In the face of this ever growing threat, the socialist order of the day is to cut." And he condemned the conditions in which servicemen worked. "It is shameful and disgraceful that the men and women who stand in defence of our freedom and liberty are treated so contemptibly by the socialists," he said.

Rates aid proposal

FINANCIAL TIMES REPORTER

AN INCOME TAX allowance for ratepayers, a proposal increasingly favoured by some Conservatives as a way of getting their party off the hook of its pledge to abolish household rates, was publicly backed by a Conservative front bench spokesman for the first time yesterday.

A tax allowance for rates would mitigate the inequities of the rating system and shift more of the burden of local government spending from ratepayers to non-ratepayers, Mr. Michael Alison, MP for Barkston Ash and an Opposition environment spokesman, told the Rating and Valuation Association Conference in Bournemouth.

The direct relationship between the rating authority and the ratepayer would remain, although the element of accountability associated with the payment of rates would be affected by this tax relief.

Mr. Alison emphasised that he was speaking personally and admitted that the proposal was controversial. "It may not appeal to Treasury minds, but I think some initiative like that is going to be necessary to meet the genuine feeling of frustration which we encounter among ratepayers."

He said that the Government would be able to reduce the domestic ratepayers annual contribution from £2,000m to £1,250m (taking 1977-78 figures), provided it was prepared to

● Make available £750m of new money from general taxation,

● Abolish the domestic element of the rate support grant on the grounds of its "regressiveness."

● Make the sums then available for an income tax allowance against domestic rates.

Ashley Ashwood

Grunwick heckling

MR. GEORGE WARD (above), managing director of Grunwick, faced booing and hissing from Conservative trade unionists when he addressed a stormy fringe meeting.

Angry hecklers denounced him as "an ogre" and shouted "Shut up" as he described the history of the Grunwick dispute.

But members of the National Association for Freedom, who attended the meeting, organised by the South Eastern Area Young Conservatives, outnumbered the trade unionists and generally succeeded in shouting them down.

Mr. Ward angrily told the meeting: "I had very little help from the Conservative trade unionists, people who are making the most noise here this afternoon."

One of his critics, Miss Anna Soubry, from Bassetlaw, told him: "It will be to the eternal shame of the Conservative Party if you stand as a Conservative candidate."

Mr. Ward has already said he would like to fight a parliamentary seat

North Sea oil mismanagement warning

BRITAIN is in danger of being deprived of the full benefits of her oil wealth by Labour policies, claimed Mr. Tom King, the shadow energy minister.

In a debate dominated by attacks on Mr. Anthony Wedgwood Benn, the Energy Secretary, he warned that the most damaging effects of Government mismanagement might not be felt for five or six years.

Mr. King suggested that though Britain could become self-sufficient in oil by next year, the damage done by Labour policies could make her an importer again as early as 1984.

Amid cheers, he declared: "Mr. Benn has destroyed confidence. That is why the British Government's word is no longer trusted."

Mr. King referred to a confidential report which, he said, had borne out his worst fears about the drastic decline in new exploration activity around Britain's shores.

Last year had seen the lowest number of wells drilled since exploration began in earnest a decade ago. "This year, we have half the abysmally low figure of last year."

He condemned the Government for extending its "job destroying genius" to the North Sea — the best growth area of the entire economy — and renewed the Conservative pledge to restrict the activities of the British National Oil Corporation.

"There is clearly no place for BNOC in its confused role both as state oil company and as part of the regulatory mechanism of government."

Mr. King dismissed the Labour Party's commitment to take North Sea oil into full public ownership as "fatuous." If Labour meant to take over the oil companies and their assets it would be "quite ridiculous."

He stressed that the North Sea programme required massive investment, and calculated that by 1985, £25bn would have been invested.

"The state could never find that sort of money without imposing a tax regime which would cripple our economy."

The range of talent required could never be available to a single corporation, nationalised or not.

Mr. King maintained that the successful development of the North Sea would always depend on a fair partnership between government and the oil industry.

He promised: "The next Conservative government will be determined to secure the maximum benefits to the nation, while maintaining a proper incentive for the oil companies to continue their vital work."

Fighting talk on fisheries

By Christopher Parkes, Commodity Staff

A FUTURE Tory government would be just as tough as the Labour administration in its policy towards the Common Market's fisheries negotiations, Mr. John Peyton, shadow spokesman for agriculture and fisheries, warned. "We have to secure our vital fishing interest," he told a farm forum meeting.

Although Mr. John Silkin, the Minister of Agriculture, had won political glory from his rows in Brussels, Mr. Peyton doubted that the industry had gained anything from the past two years' negotiations.

"Indefinite stalemate is very rarely good for any industry," he said.

But his basic claims for the British fishing fleet inside the EEC's 200-mile zone were largely the same as those of the present minister.

"Anybody who suggests that a Conservative government would accept what Silkin has rejected would be making a serious mistake."

For the farming industry, Mr. Peyton promised a rolling five-year corporate production programme drawn up jointly by the government, farmers, food processors and distributors.

This would be reviewed regularly to check progress and adjust it as necessary to keep farming's production targets in sight.

The Government is currently revising its 1975 farm policy White Paper, Food From Our Resources, which came to grief in the drought of 1976.

But Mr. Peyton conceded that such a project was fundamentally sound and that the Government should not be deferred from updating it now simply because it "would have to eat its words."

He also promised that the Tories would aim to devalue the Green Pound—sterling's special agricultural exchange rate against the EEC unit of account—down to parity with the pound proper within five years.

At present, the Green Pound is about 30 per cent over-valued in relation to sterling proper. As a result, "common" EEC farm prices, when translated into sterling for British purposes, are about a third lower than they ought to be.

Mr. Peyton also attacked the EEC cereals policy. This year's heavy harvests in Europe would raise the spectre of grain "mountains."

The support buying prices for grain were too high he suggested. And he objected to Common Market levies on imported grain which themselves were higher than world prices for the grain in question.

"The unwisdom of such policies is reflected in the increasing use of cereal substitutes which do not attract a levy."

A community regime governing the market in mutton and lamb was likely to come into force. But Britain had to ensure that New Zealand retained its place in our market for its frozen lamb. We also had to be sure meat prices did not rise sharply or significantly as a result of the introduction of the new regime.

Mr. Peyton also demanded that the Ministry of Agriculture should share the power over planning which at present resides largely with the Department of the Environment.

Conference reports by Richard Evans, Ivor Owen, John Hunt and Elinor Goodman. Pictures by Freddie Mansfield

Today's agenda

- Education
- Health and Social Services
- Homes and land
- Address by Mrs. Margaret Thatcher, leader of the party.

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BLOOMER HEAVEN & CO.,
Chartered Accountants,
Post & Mail House, Colmore Circus,
Birmingham B4 6BG.

COMPANY NOTICES

ROBECO

ROTTERDAMSCH BELEGGINGSCONSORTIUM N.V.

ROBECO N.V. announce an Interim Dividend for the year 1978 of a 3⅓% stock distribution from the Share Premium Reserve which is free of Netherlands Withholding Tax and United Kingdom Income Tax.

Holdings represented by Bearer Share Warrants cannot be aggregated with holdings of Registered Sub-shares.

EXCHANGE CONTROL POSITION

The Bank of England have given a general permission for Authorised Depositaries to deal with the distribution, on behalf of beneficial owners who are resident in the Scheduled Territories (the United Kingdom, the Channel Islands, the Isle of Man, the Republic of Ireland and Gibraltar) as follows:—

(1) On the presentation of Coupon No. 75, shares received by shareholders in respect of the dividend must be held by, or, if held abroad, to the order of, a United Kingdom Authorised Depositary, subject to the same conditions as the underlying holding.

(2) Purchase of Coupons No. 75

Such may be purchased for Sterling in the United Kingdom or with investment currency outside the United Kingdom. Shares acquired by the purchase of additional Coupons:—

(a) may, in respect of United Kingdom residents whose underlying holding is classified as a "premium-worthy security" in accordance with the terms of Supplement No. 38 to the Notice EC7, also be classified as a "premium-worthy security."

(b) should, in respect of United Kingdom residents whose underlying holding is classified as a "restricted security" in accordance with the terms of Supplement No. 38 to the Notice EC7, similarly be classified as a "restricted security"—the Bank of England would be prepared to consider applications, submitted through Authorised Depositaries for the proceeds of sale of portions relating to shares derived from the Coupons purchased with investment currency, to be regarded as eligible for the premium;

(c) shares acquired by residents of the Scheduled Territories, other than the United Kingdom, should be held subject to the terms of paragraph 57-64, as amended, of the above-mentioned Notice.

(3) Sale of Coupons No. 75

(a) In respect of United Kingdom residents

(i) Where the underlying holding is classified as a "premium-worthy security," Coupons No. 75 may be sold in the United Kingdom for sterling or abroad for foreign currency in accordance with the terms of paragraph 8(a) of Supplement No. 38 to the Notice EC7.

(ii) Where the underlying holding is classified as a "restricted security" Coupons No. 75 should be sold to an Authorised Dealer at the current market rate in the official foreign exchange market: the Coupons may not be sold in the United Kingdom for sterling.

(b) In respect of residents of the Scheduled Territories other than the United Kingdom

Permission under the Exchange Control Act 1947 is given for Coupons No. 75 to be sold in the United Kingdom for Sterling or abroad for Foreign Currency where Authorised Depositaries are satisfied that the underlying holding is in the beneficial ownership of such residents. Paragraph 56 of the Notice EC7 (2nd Issue), as amended, refers.

Note:

The above permissions relating to residents of the Scheduled Territories other than the United Kingdom, are given without prejudice to any requirements of the Local Exchange Control Authorities.

INCOME TAX POSITION

The proceeds of the sale of coupons on the bearer shares will not be liable to United Kingdom Income Tax since they represent the sale of an entitlement to a stock dividend paid from the Share Premium Reserve.

Sub-shareholders will not be liable to tax on Sub-share fractions obtained through the sale of Sub-shares on the market to provide these fractions.

BEARER SHARE WARRANTS WITH COUPONS ATTACHED

Authorised Depositaries in the United Kingdom may present coupons to the Company's Paying Agents, National Westminster Bank Limited, Stock Office Services, 5th Floor, Drapers Gardens, 12 Throgmorton Avenue, London EC2, on business days between the hours of 10 a.m. and 2 p.m. on the following basis:—

Payable as from 24 October 1978.

Holders will receive new shares, free of payment, on the basis of one new share for each 30 shares held against Coupon No. 75, presentation of which must be in multiples of 30 shares.

After 2 p.m. on 28 February 1979, an amount in cash based on the value of the shares, as at that date, will be made available by the Company. [illegible] beneficial owner and stipulate whether the underlying holding is regarded as qualifying for transfer in completion of a sale under the permission given in paragraph 37 of the Notice EC7 (2rd Issue) as amended by Supplement No. 38.

SUB-SHARE CERTIFICATES REGISTERED IN THE NAME OF NATIONAL PROVINCIAL BANK [NOMINEES] LIMITED

Claims should be lodged with National Westminster Bank Limited, Stock Office Services, 5th Floor, Drapers Gardens, 12 Throgmorton Avenue, London EC2 on the appropriate claim form by Authorised Depositaries only, who should mark such payment of the dividend on the back of the certificates.

The Record Date will be 13 October 1978 and the Payment Date 24 October 1978.

Holders will be advised when the new Sub-share certificates are available against claims. Fractional certificates will not be issued but the certificates for Sub-shares representing fractions will be sold and the net proceeds distributed in the appropriate portions to claimants.

SHAREHOLDERS IN THE REPUBLIC OF IRELAND

Approved Agents in the Republic of Ireland may present coupons to the Company's Paying Agents, the Allied Irish Banks Limited, Registrar's & New Issue Department, 7-12 Dame Street, Dublin 2.

Claims on Sub-share certificates registered in the name of the Munster and Leinster Bank Nominees Limited should be lodged with Allied Irish Banks Limited, Registrar's & New Issue Department, 7-12 Dame Street, Dublin 2.

13 October, 1978.

TORAY INDUSTRIES, INC.

(formerly Toyo Rayon Co., Ltd.)

United Kingdom shareholders are advised that copies of the Annual Report for the year ended 31st March, 1978, are now available from:—
S. G. Warburg & Co. Ltd.,
Coupon Department,
St. Albans House,
Goldsmith Street,
London EC2P 2DL

13th October, 1978.

PERSONAL

SAMMY DAVIS JNR. at the Palladium. Some tickets left for 6.15 perf. Sat. 28th Oct., £25 each. In aid of the Blind. Tel. 01-958 9171.

MR. E. PAGET, formerly West End Last Maker has now joined Jane Saunders & Manning (bespoke shoemakers). Tel. 01-684 2364.

LEGAL NOTICES

No. 31 of 1978

In the HIGH COURT OF JUSTICE Chancery Division, Liverpool District Registry, Group "A." In the Matter of BATEMAN LIMITED and in the Matter of The Companies Act, 1948.

Notice is hereby given that a Petition for the winding up of the above-named Company by The High Court of Justice was on the 2nd day of August, 1978, presented to the Court by ST. MARY'S (PLANT HIRE) LIMITED whose registered office is situated at 273 Sussex Way, London, N.19 in the County of Greater London, and that the said Petition is directed to be heard before the Court sitting at The Court of Justice, St. George's Hall, William Brown Street, Liverpool 2, in the Metropolitan County of Merseyside on the 13th day of November, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BERMANS,
Solicitors for the Petitioner,
Trident House,
31/33 Dale Street,
Liverpool L2 2NS.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above named, notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 10th day of November, 1978.

No. 003133 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FINEGROWTH LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by The High Court of Justice was on the 5th day of October, 1978, presented to the said Court by CARRERAS ROTHMANS DISTRIBUTION SERVICES LIMITED whose registered office is situate at Christopher Martin Road, Basildon, Essex, Tobacco Distributors, a Creditor of the above-named Company, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 6th day of November, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his Counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ASHLEY KALMS, TRAVELL & CO.,
5a London Road,
Southend-on-Sea
Essex SS1 1QQ.
Ref: DW/RD/1166
Tel: 0702 354455
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 3rd day of November, 1978.

No. 003226 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SWADEROY LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by The High Court of Justice was on the 10th day of October, 1978, presented to the said Court by JEAN LE BOURGET SA., a Company incorporated under the Laws of France whose registered office is at La Chaussaire, 49690 Beaupreau, France—Manufacturers of Children's Sportswear, and that the said Petition is directed to be heard before the Court sitting at The Royal Courts of Justice, Strand, London WC2A 2LL on the 13th day of November, 1978 and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his Counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BEACHCROFT, HYMAN ISAACS,
7, Chancery Lane,
London, WC2A 1SU.
Ref: TS/PAE.
Tel: 01-242 1011 Ext. 291.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 10th day of November, 1978.

ART GALLERIES

CHANDE GALLERY, 6, Cork Street, W.1. 01-734 4626. Recent Paintings and Sculptures by W. F. ZAG. 26 Sept.-21 Oct. Mon.-Fri. 10-5.30. Sats. 10-1.

DAVID REMFREY New drawings and paintings. JANET LEACH New pots from 14th Oct.-2nd Nov. at Bohun Gallery, Station Road, Henley-on-Thames. Tel. 04912 6228. Also open Sundays 2.30-5 p.m.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. CHARLES RENNIE MACKINTOSH. Closing 13th October.

J.P.L. FINE ARTS, 24, Davies Street, W.1. 01-493 2630. RAOUL DUFY drawings, watercolours 1900-1939. Oct. 10-Dec. 8. Mon.-Fri. 10-6

MARINE ARTISTS. Royal Society's Annual Exhb. at Guildhall, E.C.2. Mon.-Sat 10-5. Until 1 pm Nov 3. Adm. free

SUSAN SWALE'S "SALOME." Fieldborne Galleries, 63, Queen's Grove N.W.8. 586 3600.

COMPANY NOTICES

NOTICE TO BONDHOLDERS

NORSK HYDRO A.S.

9% BONDS DUE 1991

Notice is hereby given that, pursuant to paragraph 4 (D) of the trust deed US$2,500,000, principal amount thereof has been purchased by Swiss Bank Corporation, Zurich, as purchase agent during the year of 15th September 1977 to 14th September 1978.

Norsk Hydro A.S.
By the Law Debenture Corp., Ltd.
London as Trustee.

October 1978

WESTERN MINING CORPORATION LTD.

NOTICE IS HEREBY GIVEN that the forty-[illegible] Annual General Meeting of Western Mining Corporation Limited will be held at the Ballroom, Hotel Southern Cross, 131 Exhibition Street, Melbourne, Victoria on Thursday, the 2nd day of November, 1978, at 10.30 a.m.

SPECIAL BUSINESS

1. To consider and, if thought fit, to pass the following resolution as a special resolution:
"That the regulations contained in the printed document submitted to the meeting, and for the purpose of [illegible] the Chairman thereof, be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of all the existing Articles."
2. The following resolution will be proposed [illegible] of Section 121(6) of the Companies Act 1961: "Should the re-appointment of Sir Henry Somerset as a Director of Central Norseman Gold Corporation No Liability be approved by shareholders at the Annual General Meeting of that company then the re-appointment of Sir Henry Somerset, being 72 years of age as a Director of Central Norseman Gold Corporation No Liability to hold office until the conclusion of the next Annual General Meeting of that company be approved."

By Order of the Board,
S. K. LARSEN, Secretary.

459, Collins Street,
Melbourne

10th October, 1978.

COMPANY ANNOUNCEMENTS

MINSTER GROUP announce the appointment of Mr. Christopher E. B. Fox as Underwriter and Manager of their new Non-Marine and Aviation Non Proportional Reinsurance Treaty Account which is being underwritten from 141 Fenchurch Street, London EC3M 6BL, telephone No. 623 7269, on behalf of Minster Insurance Company Limited and G.A.N. (Groupe des Assurances Nationales Incendie Accidents).

APPOINTMENTS

Sir Ieuan Maddock joins Chubb Board

Sir Ieuan Maddock has joined the main Board of CHUBB AND SON as a non-executive director. Sir Ieuan was Chief Scientist of the Department of Trade and Industry from 1971 until retirement in 1977. He is at present secretary of the British Association for the Advancement of Science, chairman of the Fulmer Research Institute and the Sira Institute and Principal Elect of St. Edmunds Hall, Oxford.

★

Mr. Terry O'Brien has been appointed to the Board of CHRIS HUDSON (INTERNATIONAL).

★

Mr. H. McGrath has been appointed financial controller at Dobson and Crowther and Mr. J. Birrell becomes production manager. Mr. B. Nazer has been made a director and general manager at Thomas Preston (Manchester) and Mr. A. Hague, financial controller. The companies are subsidiaries of Smurfit Flexible Packaging.

★

Mr. Robert R. Davies has been appointed chief financial officer of WESTERN TRUST AND SAVINGS, the Plymouth-based banking subsidiary of the Philadelphia National Bank. He joins Western Trust from BL.

★

Mr. F. R. Salinger, a director of Griffin Factors, the factoring subsidiary of Midland Bank, has been appointed chairman of the ASSOCIATION OF BRITISH FACTORS. Mr. R. A. Pilcher, managing director of Credit Factoring International Limited, a subsidiary of National Westminster Bank, has become vice-chairman of the association.

★

Sir Fred Warner has resigned as a directer of the MERCANTILE AND GENERAL REINSURANCE COMPANY because of his other increased commitments.

★

Mr. David Perrin has been appointed to the newly-created post of manager, group information systems for the LCP GROUP.

★

Mr. J. M. Jackson has been appointed deputy chairman of BRITTAINS.

★

Mr. Trevor Plenderleith has been appointed to the main Board of REXMORE.

★

Mr. Gordon Lee has become sole group managing director of TILLING CONSTRUCTION SERVICES following the retirement of Mr. Arthur Slater, joint managing director.

★

Mr. G. H. J. Robinson and Mr. N. C. Haydon have been appointed directors of MINSTER ASSETS. Mr. Robinson is chairman of Denbyware and was until last December chairman of Gillette Industries. Mr. Haydon is chairman of Robt. Bradford (Underwriting) a subsidiary of Minster Assets.

★

Mr. R. A. McNeile has resigned as joint chairman of ARTHUR GUINNESS SON AND CO., but continues as a director and has been appointed deputy chairman. Lord Iveagh remains sole chairman.

★

Mr. Denis Healey, Chancellor of the Exchequer and chairman of the NATIONAL ECONOMIC DEVELOPMENT COUNCIL, has appointed Sir John Astor as chairman of the Economic Development Committee for the Agricultural Industry. Sir John was chairman of the Agricultural Research Council from 1968 until earlier this year. Previously, he was chairman of the Governing Body of the National Institute of Agricultural Engineering. From 1951-59, he was Member of Parliament for the Sutton Division of Plymouth and was Principal Private Secretary to the Financial Secretary of the Treasury from 1951-52. Sir John is also a member of the Horserace Betting Levy Board.

★

Mr. M. R. H. Smith has been appointed deputy managing director of BAKER PERKINS LIMITED. He has been a director of the company since 1974 and was elected to the Board of the parent concern, Baker Perkins Holdings, at the beginning of this year.

★

Mr. G. W. Sealy has been appointed managing director of Austin-Hall Construction in addition to his position as managing director of Austin-Hall International. Mr. Vernon Phillips has become sales director of Sandle Brothers, Cranford Distributors (Supplies) and Cranford Distributors (Direct Sales). The parent concern is PENTOS.

★

Dr. Clive Jones and Mr. Alex Ray have been appointed vice-presidents in the personnel and operating groups, respectively, of CITIBANK in the UK.

★

The Secretary of State for Trade has appointed Mr. Kenith Trodd and Mr. Charles Cooper as members of the CINEMATOGRAPH FILMS COUNCIL. The appointments follow the resignations of Mr. Mamoun Hassan (on his appointment to the Board of the National Film Finance Corporation) and Mr. W. G. Gilbert and are both for the period ending December 31, 1979.

★

The Secretary of State for Trade has made the following appointments to the Advisory Committee, which considers applications for loans from the NATIONAL FILM DEVELOPMENT FUND, for the period ending September 22, 1979: Mr. R. Craven, Mr. T. Gates, Mr. J. Gold, Mr. R. Hamilton, Mr. T. E. Martin, Mr. T. Partner, Mr. G. Plaschkes and Mr. G. Smith.

★

Mr. John C. Pooley has been appointed managing director of CANNAN AND STOKES, a member of the turbine components division of the Associated Engineering Group.

★

Sir Gordon Newton has been appointed a non-executive director of MILLS AND ALLEN INTERNATIONAL.

★

Mr. Michael White has resigned from ERSKINE HOUSE INVESTMENTS, as a result of the sale by Erskine of Michael White Ltd to Circle Investments, a Cayman Islands corporation. The move was foreshadowed in August when Erskine announced that it was pulling out of its interest in the West End stage show "Chorus Line" which it held through White.

★

Mr. A. B. Wilbraham, chairman of North British Maritime, has been elected president of the INTERNATIONAL SALVAGE UNION for the next two years. He succeeds Mr. P. E. E. Kern van Willigen, who is also retiring as a member of the executive committee. Mr. R. W. Scheffer has been elected in his place.

★

The UNIVERSITY OF NEWCASTLE-UPON-TYNE has appointd Dr. Colin C. Gallagher to the Alcan Chair of Industrial Management. He will take up his appointment from January 1, 1979. Dr. Gallagher will be the first holder of the Alcan Chair which has been established with an endowment by Alcan Aluminium (UK) through the University Development Trust.

TEXTRON

Dfls. 30,000,000.—
6¾% bearer guaranteed Notes of 1972 due 1976/1979
of
TEXTRON ATLANTIC INC.

THIRD ANNUAL REDEMPTION INSTALMENT

(Redemption Group Nos. 2 and 4 having fallen due before)

Notes belonging to Redemption Group No. 3 will be redeemed on and after November 15, 1978 in accordance with drawing effected on September 29, 1978 pursuant to the Terms and Conditions.

Paying Agents:
Amsterdam-Rotterdam Bank N.V.
(Central Paying Agent)
Algemene Bank Nederland N.V.
Bank Mees & Hope NV
Pierson, Heldring & Pierson N.V.
in Amsterdam
and
Banque Générale du Luxembourg S.A.
in Luxembourg

Notes belonging to Redemption Group No. 1 will be redeemed on and after November 15, 1979.

October 13, 1978.

elbief

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YEAR TO 30th APRIL 1978

	£
TURNOVER (EXPORTS 32%)	2,446,133
PROFITS BEFORE TAXATION	328,834
TAXATION ON YEAR'S PROFITS	45,000
FINAL DIVIDEND	0.784p per share
DIVIDENDS (1.134p FOR YEAR)—AFTER WAIVERS	91,938
RETAINED IN RESERVES	191,896

ELBIEF COMPANY LIMITED
BIRMINGHAM B14 4LA

Stewards likely to reject British Oxygen 8% offer

BY NICK GARNETT AND ALAN PIKE

UNION NEGOTIATORS said yesterday that the guideline-breaching offer by British Oxygen's gases division to 3,000 manual workers was likely to be rejected at a national conference of shop stewards today.

Negotiators said meetings of drivers and gas-cylinder handlers to whom the pay talks apply had shown that the workers did not accept that the offer, worth about 8 per cent, fully reflected the company's ability to pay.

Mr. Pat McGioin, a shop steward and leading negotiator, said a deal worth less than 12 or 13 per cent, excluding productivity, would probably be insufficient to satisfy the labour force. They would seek further talks with the company.

It emerged yesterday that the original claim, subsequently rejected by the company, was for an eight-month deal with the annual settlement rate changed from September to May.

Some shop stewards apparently insist that negotiators maintain pressure for an eight-month settlement.

Ford moves

The offer, which the company values at 7.7 per cent, is estimated by some union negotiators to be worth between 7.8 and 8.3 per cent for senior craftsmen and 8.2 to 8.8 per cent for the lowest grades.

This excludes both productivity payments and the offer's improved fringe benefits, which include higher shift allowances, call-out payments and subsistence allowances.

Ford management is expected to increase the offer to its 57,000 manual employees above the Government's 5 per cent guidelines when it meets union negotiators in London today.

With the national strike in the Ford factories three weeks old, the company has agreed to bargain "responsibly" under conditions of free collective bargaining.

The initial offer of a productivity deal, something on which the company has not been enthusiastic in the past, is still on the table for discussion.

The extent to which productivity payments will figure in an eventual settlement is an open question and depends on how negotiations develop today.

On non-pay issues it is expected that Ford will reiterate its total rejection of the unions' demand for phased reduction toward a 35-hour week.

Index-linked rises shield lock makers from pay policy

BY NICK GARNETT, LABOUR STAFF

AN UNUSUAL pay agreement for 10,000 workers in the lock manufacturing industry which has shielded them from the last three years of Government incomes policy has produced wage increases approaching 90 per cent on basic rates since the beginning of 1975.

The deal, negotiated in October, 1974, provides index-linked pay rises of 1 per cent on basic rates for every 1 per cent rise in the cost of living.

Because it was negotiated before the start of Phase One, the arrangement does not fall foul of incomes policy although the Department of Employment would prefer that such inflation-geared systems did not exist.

The deal appears to have paid out considerably more money than would have been the case under incomes policy. Latest figures issued by the Central Statistical Office show that manual workers' wage rates in manufacturing since the first quarter of 1975 have risen by about 70 per cent and those for manual workers in all industries and services by about 60 per cent. The increase in wage rates in the lock-making industry has been about 86 per cent.

Mr. John Martin, general secretary of the National Union of Lock and Metal Workers, the only union recognised on the industry's joint industrial council, said earnings, including piece work and overtime, had gone up by a similar 80 or 90 per cent over the period, although in manufacturing generally they had risen only by about 60 per cent.

Wage rates for top skilled workers which were £38.25 in February, 1975, are now £71.15. Labourers in the lowest grade now have a basic wage of £45.11 as against £24.25. The rates apply to a number of large companies, largely in the West Midlands, including Eaton, which makes Yale locks, and Chubb.

Mr. Jim James, a manager at Eaton and vice-president of the lock manufacturers' association, said that the arrangement had paid out such a large amount of money that it had worried some asociation members.

But the industry had had a similar type of pay system for the last few decades. It provided acceptable rises for both sides during normal periods of inflation and gave the industry considerable stability.

Humber bridge workers face wage cuts if targets missed

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

CABLE-SPINNERS working on the Humber bridge face cuts of one-third of their weekly wages if they fail to achieve required productivity levels, British Bridge Builders, the consortium responsible for construction, said yesterday.

This is the latest move by the consortium to stem losses, which have reached £960,000, resulting from the refusal of the bridge authority's consulting engineer to authorise full contract payments for work completed.

The authority and its engineer have been deducting sums from progress payments to the consortium for some months, on the grounds that the men's productivity is below a reasonable level.

This matter is the subject of arbitration between British Bridge Builders — in which British Steel, Clarke Chapman and Cleveland Bridge and Engineering, a Trafalgar House company, have equal shares — and the Humber Bridge Authority.

In a letter sent to the authority, the construction section of the Amalgamated Union of Engineering Workers and Mr. William Rodgers, the Transport Secretary, the consortium says the pay ultimatum will take effect this week.

Its practical result is to take away the £1.22 an hour supplementary payment to cable-spinners, agreed in a productivity agreement last month. This will reduce the weekly pay of the men involved from about £150 to £100.

Productivity levels have risen since last month's deal, but are still averaging 14 per cent below the level specified by the authority's engineer. Previously, performance was up to 60 per cent below specification.

British Bridge Builders said yesterday that the workers had met to discuss the announcement and then continued working.

Construction of the problem-hit bridge involves spinning 40,000 miles of cable strand. The job is just over half way to completion.

British Bridge Builders said the work was about six months behind plan. The bridge would not open until the end of next year at the earliest. Because of earlier delays work is now more than two years behind schedule.

The consortium said it did not necessarily accept the authority's productivity specifications or its right to withhold cash, which was in breach of the terms of the cost-reimbursable contract.

At one time, the consortium warned the authority that it might withdraw from the contract if payments continued to be refused, but it said yesterday that its aim was to complete the bridge.

Civil servants spurn offer

CIVIL SERVICE unions said yesterday that they were considering the options of industrial action or arbitration over a "maladroit and wholly inadequate offer" from the Government on London weighting.

The Government has said that London weighting increases must be kept in line with Phase Three pay policy.

It has proposed loading all the increase in favour of civil servants working in Inner London so that their rate would increase from £465 to £524 per year. Civil servants working more than five miles from Central London would get no rise in their £275 rate.

Mr. Bill Kendall, secretary-general of the Civil Service National Whitley Council staff side, said that the unions would fight for a "hefty" improvement in the offer.

Journalists seek end to Times job threat

BY OUR LABOUR STAFF

NEARLY 500 journalists employed by Times Newspapers yesterday urged management to withdraw threats of dismissal issued as part of its formal notice that publication of its papers will be suspended from November 30 if agreement is not reached by then on industrial relations reform.

The National Union of Journalists' chapel (office branch) complained that it had not received management's proposals for re-organisation and that journalists had not cost a single copy through disruptive action.

The Times notice of suspension was issued amid mounting concern over unofficial disruptive action taken by printers of Fleet Street national newspapers.

In a separate dispute involving NGA members at Uxbridge, King and Hutchings (Westminster Press) printers said that the Jewish Chronicle had withdrawn its contract because of five weeks of industrial action which was disrupting production.

The International Herald Tribune, whose papers for distribution in Britain are normally printed there, has, for the last fortnight been importing editions from its Paris presses.

The printers are demanding extra payment to solve a differentials problem between NGA members and members of the National Society of Operative Printers, Graphical and Media Personnel.

Electricians to decide fate of motor show

By Arthur Smith

HOPES OF preventing a delay in the opening of the International Motor Show rest on a meeting today of electricians, who are threatening a total stoppage.

The 300 men, after nearly four hours of talks with union officials yesterday, refused to resume work. They have, however, agreed to remain on site at the National Exhibition Centre, Birmingham, while discussions with management continue.

Mr. Bob Wright, area official of the Electrical and Plumbing Trades Union, said he had instructed the men to return to work. The union had signed a pay agreement with the employers in July, and its terms should be upheld.

The electricians are demanding consolidation into basic pay of a daily attendance allowance, totalling £5.80 a week. Such a concession would clearly have a significant impact on overtime earnings. Delays caused by the present unofficial action must increase the need for extra work if the show is to open on time a week today.

The 1,400 workers assembling stands for the show worked normally yesterday, but are staging unannounced half-day stoppages in pursuit of a similar national pay claim.

Mr. David Gent, deputy director of the Society of Motor Manufacturers and Traders, warned last night that the unofficial disputes were threatening not only the future of the show in Britain but also the jobs of workers in the exhibition industry.

The society had committed £2m—four times the normal level—to stage the show. Exhibitors were also spending large sums to make the event "the best ever motor show seen in Western Europe," he said.

Shipyard workers may have to forgo rises

BY PHILIP BASSETT, LABOUR STAFF

HIGHER PAID shipyard workers may have to forgo wage rises in the coming round so the industry can move towards an overall pay structure in its present crisis, Mr. John Chalmers of the Confederation of Shipbuilding and Engineering Union said yesterday.

Mr. Chalmers, chairman of the Confederation's Shipbuilding Committee, said after a meeting in York that the state of the industry was very grave.

By his time next year, there would be no ships in UK merchant shipbuilding yards.

The confederation would be seeking an early meeting with Mr Eric Varley, Industry Secretary, and possibly with the Prime Minister, to discuss the Government's plans for the shipbuilding industry.

British Shipbuilders and the confederation, which represents more than 86,000 shipyards workers have set up a joint working party to create a uniform pay bargaining system. Union leaders believe this would help to create the climate that the industry needs for revitalisation.

The working party will make a determined effort to find a common date, possibly in January, for wage settlements. The confederation will discuss the party's report at a recalled delegate conference on November 16.

Mr. Chalmers said that a unified wage structure could be more equitable than the present system. British Shipbuilders inherited a fragmented bargaining structure loosely tied to the national agreement for the engineering industry from privately-owned yards.

Uniform pay bargaining though, will inevitably cut across already formulated shipyard claims. About 8,000 Clydeside workers at Govan and Yarrow have tabled substantial claims due for settlement on September 1. Negotiations are said to have been delayed while the unified system is discussed

SU production halted as 200 walk out

PRODUCTION at SU Fuel Systems, which has continued uninterrupted during the 11 weeks' strike by 32 toolmakers, came to a halt yesterday after 200 workers staged a walk-out because of a separate dispute.

Most of the 1,100 employees will be laid off today, but are expected to be recalled on Monday when talks about the dispute will continue.

Mr. Roy Fraser, chairman of the unofficial toolmakers committee which claims support from 3,000 men within BL Cars, will meet leaders of other skilled workers next Tuesday to seek support for a threatened strike.

Hospital union leaders see hope of settlement

BY PAULINE CLARK, LABOUR STAFF

FRESH PROPOSALS on a solution to the hospital works officers dispute are expected to be put to unions today in their first meeting with employers for more than a fortnight.

Industrial action taken by some 3,500 works officers over a differentials anomaly in a new pay structure proposal has hit hospitals in most areas of the country for nearly a month. Many have closed to all but emergency admissions, and doctors have reported a serious build-up of hospital waiting lists.

Union leaders said yesterday that hopes for a settlement could rest on the scope for negotiating a self-financing productivity deal. The main contention of the unions is that some of their lowest-grade members stand to receive lower earnings than the highest-paid craftsmen who work under them and who benefit from their own 33½ per cent bonus scheme.

Dr David Ennals, Secretary for Social Services, made clear to the unions in several statements during the dispute and in a letter this week to Mr. Allan Black, secretary of the staff side and national officer in the Union of Construction, Allied Trades and Technicians, that the proposed scales now on offer cannot be increased without breaking the Government's pay guidelines.

The five unions representing the works officers are likely to draw attention today to recently agreed bonus terms for Britain's 4,200 ambulance officers.

A 1975 scheme for giving the 20,000 ambulancemen under them a bonus of up to 33 per cent was delayed by Phases One and Two of Government pay restraint. Now that the deal can go ahead on a self-financing basis, the officers have asked to benefit from it as well.

Radio officers in pay deal

THE 3,500-strong Radio and Electronic Officers Union, representing ship radio officers, said yesterday that it had "very reluctantly" accepted an offer of a 10 per cent pay increase under Phase Three. The union had sought a 14 per cent rise.

LOMBARD

Unwilling to find out

BY COLIN JONES

IT IS SIX years since the Industry Act of 1972 ushered in the present framework of general and regional support for industry. Government spending under this Act and its 1975 successor has now risen to well over £1bn a year currently and probably close on £5bn cumulatively (at today's prices). Yet we are as far away as ever from being able to judge just what all this expenditure has achieved.

There is some anecdotal evidence about particular successes (Ferranti, ICL) or failures (BL, workers' cooperatives). Academics like Messrs. Moore and Rhodes of the Department of Applied Economics at Cambridge have made brave stabs at assessing the impact of regional incentives. Whitehall has produced the occasional piece of circumstantial evidence about, for example, the results of the accelerated projects scheme, the assisted areas' gradually increasing share of total manufacturing investment (which is said to have been growing by not quite a quarter of 1 per cent a year compound) or the greater cost effectiveness of interest relief grants (that is, interest subsidies for loans obtained from commercial sources) compared with a cheap state loan. But six years on, neither the Government nor Parliament is in a position to judge what, overall or in particular areas, has really been achieved. No one can say with certainty whether the same results would have been achieved at much less cost or whether more could have been done if the same amounts had been spent in other ways.

Assessment

It would not be easy to do this other than in broad subjective terms, it is true. It takes time for the results of an aided project to show through. This is why the Department of Industry is only now starting to assess its sectoral aid schemes. There is no objective way of telling what would have happened if assistance had not been granted, of distinguishing between the effects of the differing forms of assistance (regional development grants, selective assistance) that make up many individual aid packages, or of deciding what allowance to make for subsequent economic events like a longer-than-expected recession in demand. This is why the Department has been against too much being read into the fact that the extra employment so far achieved in a sample of cases of regional selective assistance granted during a period of several years is only about two-thirds of that forecast when the aid was given.

Yet, after due allowance is made for these very real problems of methodology, one is left with the suspicion—to put it no higher—that what has also been lacking is the political and administrative desire to find out.

The Public Accounts Committee was told in January 1974 that Whitehall was monitoring the progress of assisted firms in order "... (ii) to assess the success in achieving the objectives for which public funds were supplied; (iii) to ensure that the calls on Government funds are kept to a minimum compatible with the achievement of the objectives for which they were supplied ...". In June this year the PAC was told that, partly because of lack of computer time, Whitehall had only recently begun to collate centrally the figures of jobs created in firms receiving selective financial assistance and that, in any case, the figures were no longer recorded even locally once the assistance had been completed and the files were closed.

True, cost-per-job comparisons may be too simplistic an approach but there is a cost-per-job limit (which Whitehall has consistently refused to divulge) for regional selective assistance. There is no such criterion for regional development grants. Yet, despite the fuss which was made about the high cost-per-job of grants paid to Scottish oil terminals and to other geographically-tied projects, the Government refused earlier this year to make any changes on the grounds that the scheme should remain predictable, automatic and stable.

This may be a commendable recognition of the past mistake of making frequent changes in regional incentives. But many individual regional aid packages consist of selective assistance as well as the standard regional development grant — indeed, there has been a tendency to regard the various instruments as part of a single package—and there is nothing predictable or automatic about the grant of selective assistance.

One cannot blame businessmen for thinking up ways of qualifying for Government hand-outs. There can be nothing but censure for politicians and administrators who choose to ignore what experience might teach them.

Making merry down Horam way

BY COLIN INMAN

AROUND BRITAIN

SUSSEX

IF YOU go into an off licence in Wells, Somerset, and ask for a bottle of vintage cider, you don't really expect to be offered a product made in Sussex. And yet that is what happened to me when on holiday recently.

The product in question was Merrydown vintage cider: the name will be recalled by many people as a popular "bottle party" drink of the 1950s, when Merrydown's ratio of alcohol content to price made it a cheap and easy way to inebriation.

But a lot has happened to Merrydown since then, and during the past few years the company has shown a keen eye for a market opportunity as well as the skill to turn it to good effect.

Set up at Horam, Sussex, in 1946 by Jack Ward and Ian Howie, both amateur winemakers—the latter had even managed to make wine from Red Cross prunes while a prisoner of war—only 400 gallons of Merrydown cider were produced in the first year. Today, turnover has grown to almost £3m annually.

The company's 20 products are exported to around 100 countries, and it employs 125 people in a part of Sussex where employment opportunities do not abound. Vintage cider, the major product, accounts for over a third of turnover and at present sells over 2½m litres a year.

The company first made a vintage cider in 1947: at 19° proof it was roughly as alcoholic as a light table wine but far cheaper. But in 1956 came a severe blow when wine duty was imposed on all products of 15° proof or over. The company then made what, in retrospect, was a mistake and continued to make cider at 19° proof. Sales plunged overnight. The company continued to do well enough with its other products and services — concentrates, fruit wines, contract bottling, etc. — but the vintage cider was eclipsed.

Only in 1975 was the decision made to re-enter the vintage cider market and by that time technology had advanced enough to enable the alcoholic strength to be tailored to best advantage: 14° proof, or just below the level at which wine duty would be payable. Sales totalled £200,000 in the first ten months after launch, and have climbed steadily to reach £1½m this year. A dry version was introduced in September 1977.

Sales so far have been mostly within the UK, though the company hopes to boost export sales either by shipping in bulk for local bottling or by arranging licensing deals in countries with a suitable climate: one such has just been set up in New Zealand.

Merrydown claims only 2 per cent of the take-home cider market, which may not sound much but is sufficient to make it the fourth largest producer in the country, after Bulmer, Taunton and Coates/Gaymers. (Around half of the 42m gallons of cider drunk in Britain each year is draught, the remainder in bottle, either as Pomagne, "premium" or "ordinary" brands.)

However, in premium ciders Merrydown now claims to outsell its major rivals, Bulmer's Special Reserve and Coates' Triple Vintage. One of its advantages, points out marketing director Richard Purdey, is that it is made from dessert rather than cider apples, which makes it palatable to people (and there appear to be a lot of them) who don't like a "cidery" taste. But he is also at pains to emphasise that Merrydown is not regarded as a wine. "We merely spotted a gap between ordinary cider and wine," he says.

And yet it is against cheap white wine rather than cheaper ciders that Merrydown is likely to be judged—the dry version served chilled can easily be preferred to some of the stuff optimistically called white wine, and at around 60p a litre it is, of course, far cheaper.

Marketing has so far been concentrated in the South-East—perforce, since the sales force numbers only eight—and this Christmas will see the first venture into radio advertising through LBC. The bulk of sales are made through off-licences, though there are problems. The largest chain, Victoria Wine, is a part of the Allied Breweries group, which owns Coates/Gaymer, while Peter Dominic has a "house agreement" with Bulmer.

However, Merrydown has now begun to appear on the supermarket shelf—Tesco, Waitrose, Sainsbury, Safeway among others—and the supermarkets' central buying will also help to ensure national distribution for Merrydown products. The pub trade, with its labour-intensive need for sales to be made to individual houses, has largely still to be penetrated.

In an average year, Merrydown reckons to process around 7,000 tons of apples between August and November. But this year, with the orchards of Kent and Sussex knee deep in apples, it is likely to buy about 10,000 tons. The company expects to use double-shift working for three months followed by single-shift until April. The concentrate produced can, of course, be stored, whereas once in bottle the cider has a limited life (less than six months). So the crop of '78 will not mean that a flood of Merrydown will suddenly hit the market; nor will it suddenly become cheaper. It does mean, however, that the company will be able to sell more concentrated juice. This autumn, rumour has it, tankers have even been seen leaving Horam destined for T---t-n!

So while Merrydown may never compete with the "scrumpy" so popular in the West Country (and carried in little stone flagons by hundreds of Somerset supporters at this year's Gillette cup final), it looks increasingly likely to carve a little niche for Sussex in the world of the cider makers.

Merrydown at a Brighton festival: the cart is pulled by the only two working oxen in Britain, owned by farmer Roy Jenkins and his son Trevor of Lindfield, Sussex

Peerless Prince should find today's extra distance ideal

RACING

BY DOMINIC WIGAN

ALTHOUGH ONLY half a dozen are due to take the field, this afternoon's James Lane Handicap at Ascot looks like providing an intriguing race with the likelihood that each of the lightly handicapped runners will be in contention in the closing stages.

Peerless Prince winner of this race a year ago when he carried 7 st 4 lb to a 12-1 victory, now shoulders just 8 lb more and will clearly not be far away.

Paul Kelleway's Double Jump colt found little difficulty in disposing of Huralino and Mon Chat in a valuable 1¼-mile handicap here a fortnight ago and it is in his favour that he is again partnered by Robert Street, who rides him so well.

My one serious reservation about him is that the two-furlong shorter trip of this race may prove to be on the sharp side for him.

Another who seems sure to give his backers a good run is Breathing Exercise, a late withdrawal from the Cambridgeshire. This Pall Mall gelding, trained by P. Arthur, who saddled Peerless Prince in this event a year ago, has not produced his best since chasing home Fettered in a seven-furlong handicap at Wolverhampton in April. However, he has been racing exclusively over six and seven furlongs and his breeding suggests that this 10 furlongs might suit him ideally.

In an open race in which anything but a minor interest seems inadvisable, I side with Peerless Prince, who I hope to see being held up for a late thrust by Robert Street.

William Hastings Bass-trained Village Voice is my selection for the Duke of Edinburgh Stakes, won a year ago by Camden Town. This grey daughter of Town Crier won easily at Nottingham last week in her first race and could be a cut above average.

Should there be a market move for him, the previously unraced Busted colt Royal Obligation, a 42,000 gns yearling, might be worth a saving bet.

Whatever the fate of Royal Obligation, Jeremy Tree and Lester Piggott should combine for at least one winner. The once-raced Lockeridge is the probable answer to the Wyndham Stakes, won a year ago by a 7-1 chance for Piggott on Matinale.

Last month, at Salisbury, Lockeridge, a chestnut Reliance II gelding out of Habbari, a half-sister to the Prix du Cadran winner, Recupere, was not hard pressed to beat Trojan's Centenary over a mile and six furlongs. The extra two furlongs here will see him to even better advantage.

ASCOT
2.00—Lockeridge**
2.30—Village Voice***
3.05—Peerless Prince*
3.40—Ridaness
4.10—Whatcombe
4.40—Grande Conde

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.30 am Open University (Ultra High Frequency only). 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.25 pm Golf: Colgate World Matchplay Championship. 12.45 News. 1.00 Pebble Mill. 1.45 Heads and Tails. 2.02 For Schools, Colleges. 3.00 International Golf Racing from Ascot. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Captain Caveman (cartoon). 4.55 Crackerjack.

5.40 News.

5.55 Nationwide (London and South-East only).

6.20 Nationwide.

7.00 "Carry on Cleo" starring Sidney James and Kenneth Williams.

8.30 Rings on Their Fingers.

9.00 News

9.25 Target.

10.15 Tonight—In Town (London and South-East only).

10.45 Regional, National News.

10.50 Ice Skating.

†11.30 The Late Film: "The Rack" starring Paul Newman

All Regions as BBC1 except at the following times:

Wales—1.45-2.00 pm Nant-y-pant. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30 Cawl a chan. 8.00-8.30 Dad's Army. 10.15 Kane on Friday. 10.45-10.50 Regional and National News.

Scotland—10.23-10.43 and 11.05-11.25 am For Schools. 5.55-6.20 pm Reporting Scotland. 10.15 Tormod Air Telly. 10.45-10.50 Regional and National News.

Northern Ireland—10.23-10.43 am For Schools (Ulster in Focus). 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Star Brass. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle), Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 10.15-10.45 East (Norwich) Times Remembered. Midlands (Birmingham) Hurdy Gurdy; North (Leeds) Close-up North; North East (Newcastle) Friday North; North West (Manchester) Home Ground; South (Southampton) Report South; South West (Plymouth) Peninsula; West (Bristol) The Disappearing Spires.

BBC 2

6.40 am Open University

[illegible]

LONDON

... bow. 12.30 Country Style. 1.00 News plus FT index. 1.30 Farmhouse Kitchen. 2.00 Money-Go-Round. 2.25 Conservative Party Conference. 3.45 The Rolf Harris Show. 4.15 The Flocktown Flyer. 4.45 Magpie. 5.15 Thames Sport.

5.45 News.

6.00 Thames at 6.

6.30 Emmerdale Farm.

7.00 Mixed Blessings.

7.30 The Rag Trade.

8.00 3-2-1.

9.00 The Foundation.

10.00 News.

10.30 Police 5.

10.40 Soap

11.10 Bing Crosby—His Life and Legend.

1.00 am Close, a German landscape and music by Richard Wagner.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 3.45 The Practice. 5.15 Survivors. 6.00 About Anglia. 10.30 Probe. 11.00 Bing Crosby—his life and legend. 12.55 am Men who Matter.

ATV

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

... Granada Reports. 6.30 Kick-off. 10.30 Reports Extra. 11.00 Bing Crosby, his life and legend.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 1.30 Gambit. 2.00 Women Only. 3.45 The Electric Theatre Show. 5.15 Focus on Soccer. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Report Extra. 11.05 The Friday Film: "Gunn."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Adar Simbridge. 6.00-6.15 Y Dydd. 10.35-11.05 Letter by Letter. 11.05 Outlook on Agriculture. 11.35-12.30 am The Outsiders.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News and Road Report. 1.30 Houseparty. 3.45 Inner Space. 5.15 Gambit. 6.00 Scotland Today. 6.30 Emmerdale Farm. 7.30 Thingummyjig. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment With Fear: "Gargoyles" starring Cornel Wilde.

SOUTHERN

1.20 p.m. Southern News. 1.30 Gambit. 2.00 Women Only. 3.45 Survival. 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East (South East area only). 6.30 Tell Me Another. 10.30 Southern News ...

TYNE TEES

[illegible]

ULSTER

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WESTWARD

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YORKSHIRE

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RADIO 1

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RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]

BBC Radio London

[illegible]

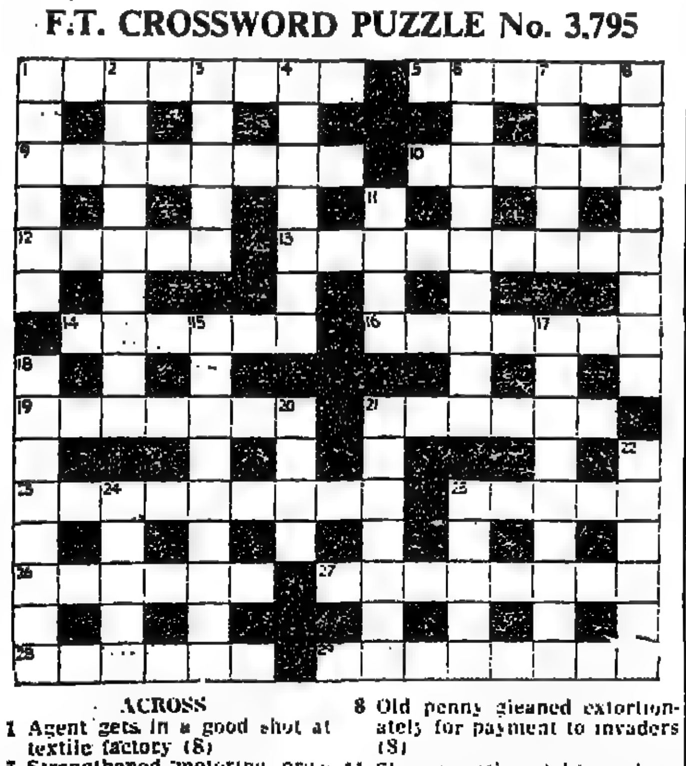
London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 3,795



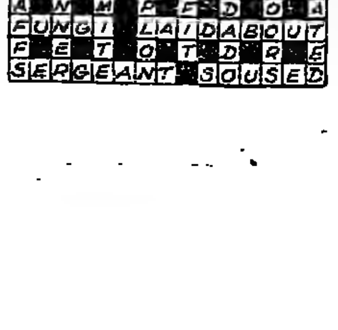
ACROSS

1 Agent gets in a good shot at textile factory (8)
5 Strengthened motoring organisation in plot (6)
9 A part of a joint to pay off (8)
10 Italian form of cantus (6)
12 A saintly race (5)
13 Waif discovered fish (9)
14 Oriental title left in paint (6)
16 Stop everything, it's in the bag (4-3)
19 Reckon it could be a statement (7)
21 Old dish-warmer modified by hoax (6)
23 I create an impression in one state, but it's all the same (9)
25 Subject for discussion in article to me (5)
26 Notice sin in counsel (6)
27 Exhausted a down-and-out (4-4)
28 Deserved to be gained by labour (6)
29 I act afterwards, being a great admirer (8)

DOWN

1 Firmly established place for Arabs (6)
2 Not normally developed in wind instrument I note (9)
3 One who observes unusual tenor (5)
4 Remain three-quarters full but tranquil (7)
6 Three minutes in the ring with the Spanish? Yes, it's a dance in a ring! (9)
7 Caught act one and they are needled (5)
8 Old penny gleaned extortionately for payment to invaders (8)
11 Sloppy sentimentality making Mothers' Union keep quiet (4)
15 Must accept nothing with pain from facial growth (9)
17 At one, men, take the end of it for reconciliation (9)
18 Marine takes notice when in a pickle (8)
20 Insect found in bed (4)
21 Half German road or pike (7)
22 Tutor pulling people to right (6)
24 Revel idly for young fish (5)
25 Lad coming up with it has movement in the main (5)

SOLUTION TO PUZZLE No. 3,794



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

[illegible]

THEATRES

[illegible]

CINEMAS

[illegible]

Garrard struggles to pull itself out of a dangerous groove

After Wednesday's article on Plessey's general problems, **Jason Crisp** examines what went wrong at its subsidiary Garrard, the famous maker of record changers and turntables.


Garrard's Blunsdon factory, due to close

Freddie Mansfield

N ITS heyday Garrard Engineering employed over 4,000 people, made 2m record player units in a year and made money. By the beginning of next year its production will be down to 20,000 units a month, only 12 per cent of its peak, and it will employ less than 600 staff, around 15 per cent of its payroll only six years ago. And last year it lost £5.1m.

What went wrong? It was the Japanese, answers Garrard. They have not put their prices up and are "literally buying" their markets in the U.S., says Bill Dalziel, who is both Garrard's chairman and a main board member of Plessey, the parent company. The other main reason Garrard gives is a slump in the consumer audio electronic markets.

Yet in the very areas of production from which the company is withdrawing—the lower end of its range—there is no direct competition from the Japanese auto-changers. Moreover, Garth Wooldridge, deputy managing director of BSR, the British company which commands 75 per cent of the world market in record changers, says there has been no reduction in the audio market. The U.S. market is strong and he is expecting a revival in the previously weak markets in the U.K., Europe and South Africa. BSR is currently working flat out to meet the peak demand of the pre-Christmas buying season.

Since 1974 the company has recorded losses of nearly £10m, and last year it lost £5.1m on a turnover of £21.4m. On a monthly production of around 100,000 units last year, that means Garrard was losing an average of £5 a unit — and at the very bottom end of its range unit selling prices were only £8.

Last month the ailing company announced a 90-day consultation period under the Employment Protection Act to make redundant 1,250 of the remaining 1,830 employees. This represented a last-ditch attempt to staunch the losses which were continuing apace: £1m in the first quarter, says Garrard. It means the closing of its Blunsdon factory in Swindon, leaving just 580 workers at its Newcastle Street factory to keep the prestigious Garrard name in production.

As from the New Year, Garrard will only produce at the top end of the turntable market —where there is direct Japanese competition—and will abandon such other enterprises as music centres.

City reaction to the announcement of the major cutbacks at Garrard was, in the short term at least, fairly favourable, because it foretold the reduction—if not the end—of the massive drain on Plessey's profits.

The audio market is ferociously competitive, and the Japanese have thrown themselves into it with their customary determination. The market is particularly hard fought in America, where 50 per cent of Garrard products are sold.

But Garrard's failure is all the more striking in contrast to the success of the British owned BSR which has grown to dominate the world markets. It now has a weekly production of 240,000 record changers accounting for about 75 per cent of world production. Indeed, it is famed for the number it exports to Japan itself.

Plessey bought Garrard Engineering from Garrard, the Crown Jewellers, in 1960. According to several observers of the company, the early signs of problems can be traced back as far as the mid-1960s; about the same time as BSR really began to take off.

For instance Derek Smith, managing director of Lasky's, the hi-fi retail outlet, considers that, even then, Garrard's marketing performance compared poorly with that of BSR, which was known for its aggressive selling.

BSR's base has been its Ford Popular-type record changers, which it sells to original equipment manufacturers, OEMs, and one of its strengths has been its efficiency in production. For instance the company now makes most of its own components, which is economic because of the massive volume it requires.

In contrast Garrard's main strength has been its reputation at the top—Rolls-Royce end —producing hi-fi turntables; its reputation enabled it to sell the middle range record changers also to the OEMs and at a premium to BSR. Whereas BSR has moved up-market, always building on its very strong mass market base, Garrard's own strategic direction seems to have been less well defined.

This apparent uncertainty must have contributed to a number of wrong decisions (discussed below) on specific products and on marketing, some of which Garrard's present management readily admit.

The essential difference between the two companies may lie in management style. BSR is run by a tightly knit group of executives who are in very close touch with the market— the chairman and deputy managing director read every telex coming into the company—and they are not subject to head office supervision; the marketing function is very much their responsibility, although BSR has a youthful and energetic sales director in Roger Allen (32), who sports an MBE for exporting.

A third point, often commented on by outsiders, is the close co-operation between BSR and its customers, the original equipment manufacturers. As one observer remarked: "They produce what the OEMs want, in the quantity they want, at a very competitive price, and usually on time. Garrard has failed to keep close enough to the consumer."

After the latest rationalisation Garrard plans to produce only at the top end of its range and with a greatly reduced output of around 20,000 units a month compared with 80,000 to 100,000 just before the rundown announcement in September.

One mystery which has puzzled some observers is why Plessey has never sold Garrard. Twice in 1970 there were merger talks between Plessey and the renowned Dr. Daniel McDonald—BSR's founder and at that stage its major shareholder—but each time no agreement could be reached.

The other known bid for Garrard was in 1973, by the U.S. quoted company Avnet, parent of Garrard's old North American distributors. According to Geoffrey Bowden, the then general manager, there was considerable support among the Garrard management for the U.S. takeover, and he believed that the two companies were "playing in the same ballpark" as far as figures were concerned. Bowden reports that the Garrard management team was disappointed when the deal inexplicably fell through.

Bowden also makes the point that Garrard was very much the odd man out in Plessey, being its only producer of consumer products. This is true in marketing terms, but in the 1960s Garrard had slotted well into Plessey's range of electro-mechanical assemblies.

The dropping of the bottom end of Garrard's production line will inevitably give a boost to BSR, but Garth Wooldridge puts it into perspective. "What they make in a year is not much more than a week's production for us."

The question remains as to Garrard's future. There is considerable speculation that Plessey will sell the company once the rationalisation has gone through, although this is a subject that Plessey, understandably, will not discuss.

In the meantime, one of the brighter spots for the company itself is its latest development, according to its general manager, Mike Parson. Garrard hopes that by August next year it will have its own direct-drive motor in manufacture—it currently imports from Japan— which he says contains an innovative breakthrough. Production is to start in April and Garrard is aiming for 50,000 a year.

By 1980 Garrard reckons 40 per cent of record changers will be direct drive—in 1976 it was only 5 per cent.

Although Dalziel and Parson are at the receiving end of the multitude of brickbats being hurled at Garrard, the crisis is clearly not of their doing. Dalziel, reckoned by some as Plessey's best company doctor and a survivor from the days of Plessey's founder, Sir Allen Clark, only took on the problems at the end of last year. But by that time the competitive battle was all but lost and, as the Plessey management saw it, there was no alternative to retrenchment.

A tragedy of errors

NE OF the errors, albeit seen with the benefit of hindsight, which chart Garrard's decline was made in 1974, when it decided to drop its U.S. distributorship of over 20 years' standing, and to take it on itself. Bill Dalziel, chairman of Garrard—but not at that time—defends the decision. He says it was made because Plessey saw the profits being made by its distributors, BIC, and wanted them for itself. And he says the company could not have foreseen the subsequent collapse of the audio market at the end of 1974 and through 1975.

But Geoffrey Bowden, who until 1974 was Garrard's general manager, is convinced it was a fundamental mistake.

The U.S. market is very important to all manufacturers of audio equipment—currently it takes 50 per cent of Garrard's production and 70 per cent of BSR's.

One of Garrard's great selling advantages in the middle and lower end of its products was always its high-quality name, gained from the top of the line, enabling it to sell at a premium to BSR throughout its range. When Garrard cancelled the distributorship, BIC dumped its considerable stocks on to the American market, leaving Garrard in the unenviable position of starting a new distributorship in a country already sated with its own products.

BIC also bought a factory from Magnavox and retaliated against Garrard with its own belt-driven changer. Then, in 1975, the market collapsed, hitting all manufacturers hard. According to Garrard's figures, total UK exports of record changers fell from 8.7m units worth £45.7m in 1974, to 6.2m units worth £36.6m, the following year.

Plessey's share of the much reduced UK export cake fell from 26 per cent to 17 per cent in value terms. This fall was even sharper in terms of the number of units Garrard exported—its share halved from 16 per cent to 8 per cent.

With exports accounting for the lion's share of UK record changer production, the effect on Garrard's results was dramatic; its £1.6m profit to the year ending June 30, 1974, turned into a £1.7m loss in the nine months to March 1975. A year later it recorded losses of £1.2m. It is a measure of BSR's efficiency that it just remained in profit over the same period, although it had to introduce lay offs and short time working. BSR's pre-tax profits for the first half of 1975 were £1.3m compared with £8.7m in the same period the previous year.

In 1976 and 1977 Garrard faced further problems introducing new models in time to catch the vital peak selling "season" for audio equipment which starts around September and runs through to Christmas. Two new models which were introduced in 1976 at the top end of the range, the direct drive DD75 and the GT55, were both two to three months late because of engineering difficulties.

GT stood for a brand new Garrard mechanism which was to be introduced across the range of products the following year. Mike Parson who joined Garrard from Rank Radio in September 1976, as general manager and director says that one of the problems with the introduction of the GT mechanism was the considerable time pressures put on production engineering.

The interval between concept and production start up is normally two years, but the GT range was needed for introduction in 16 months and it missed part of the valuable "season." A further problem was that the product needed a major facelift to produce a design with the sleek "Japanese look," which Garrard says the market wanted.

While the new mechanism was financially viable at the top end of the Garrard range, at the bottom end the cost of production was greater than its selling price. As Bill Dalziel puts it, "It was a bit over-designed."

But perhaps one of the most damaging decisions in the OEM market was Garrard's attempt to put record changers on a new type of base plate called a kidney plate. It was a totally new concept. Although it had consulted the manufacturers, who had expressed a liking for the idea, orders turned out to be conspicuous by their absence when it was produced. Garrard is frank about this mistake: "It was a cock-up . . . there was no way you could sell it in the U.S.", says Mike Parson.

Other individual decisions which proved unsuccessful include attempts to broaden the product base by moving into cassette and eight-track cartridge mechanisms as well as music centres. All were highly competitive markets and proved to be disappointing for Garrard. And as one critic pointed out, selling music centres may well have alienated some of Garrard's own OEM customers who were making a similar product.

The pitfalls of manpower planning underground

HE PROFESSIONAL mining man could be compared with a diplomat, in that he often moves from country to country. But as it is one of the facts of life that mineral deposits are not generally found in capital cities, he has to be ready for a life sweating in jungle or desert or shivering in the cold of the tundra.

Metals mining is, as the recruiting booklets have it, a select profession. Indeed the membership of the professional body, the Institution of Mining and Metallurgy, is only about one-twelfth of that of the Institution of Civil Engineering.

But there is a danger that the profession may be becoming a little too select. A boom in minerals demand during the 1980s could find professional manpower stretched, with not enough graduates emerging from the nine UK establishments which offer courses in one or both of mining engineering and mineral processing.

Mr. Geoffrey Cox, director of the Mineral Industry Manpower and Careers Unit in London, explains that the supply of mining engineers and the availability of first jobs for them is just about in balance. But when it comes to mineral processing engineers, there are two or three jobs available for every graduate, reflecting the fact that there are only three well-established university courses in mineral processing and they have developed only in the last ten years.

The number of mining engineers from the UK institutions looking for jobs is between 150 and 200 a year. But the number of mineral processing engineers is under 100. About half will go overseas, often taking their first job in South Africa or Zambia, where they glean experience before branching out into the U.S., Canada or Australia.

For geologists, the position is quite different. Geology is a school subject—mining engineering and mineral processing do not appear in the GCE curricula—and with up to 700 geology graduates coming through the universities every year, there is not enough room for them in the minerals industry. About half become teachers.

GRADUATE COURSES

Camborne School of Mines
North Staffordshire Polytechnic
University of Birmingham
University of Leeds
University of London (Imperial College)
University of Newcastle
University of Nottingham
University of Strathclyde
University of Wales (Cardiff)
*** In mining engineering and/or mineral processing.**

To some extent this embarrassment of riches in one discipline and shortage in another reflects the difficulty of manpower forecasting in the mineral industry. It is difficult to build up a base of data which can be run through computers with the aim of predicting manpower needs, since many of the professionals work in a contract environment, taking jobs for three years or less. Many professional mining men change their jobs three times in the first ten years of their careers.

At the same time, the industry itself is abnormally cyclical. There are few metal mining groups who would want, or indeed would be able to predict, the precise tonnages they will be producing in ten years' time.

But this is not to say that the industry is not concerned about what goes on in the universities and mining schools. The Mineral Industry Manpower and Careers Unit was born from concern in the boom years of 1969-70 that there would be a shortage of professional personnel. It is funded in the main by the UK mining finance houses.

In the early 1970s, the Unit went through a number of manpower forecasting exercises. The conclusions it published in 1975, based on data collected up to 1973, have proved accurate to the extent that they predicted the good match between jobs and opportunities for mining engineers and the developing shortage of mineral processing engineers.

But the uncertainties of future development in the industry made it impossible to work out a computer model which could be used on a continual basis.

Thus, as far as the Unit's careers policy is concerned—it is not a recruiting agency—it has to work by a rough rule of thumb, based on a general economic analysis of what the industry is likely to need. At present the preoccupation is with the 1980s, as policy decisions made now will take up to five years to bear any fruit.

That five years span the students' last years of secondary education, when the decisions are taken about courses and applications to tertiary establishments, and the three or four years of the graduate course. The Unit is now actively encouraging more students to study for mining degrees.

It is doing this through a network of links built up with some 300 schools and what it calls the Phoenix Programme. Regular contacts between the Unit and the schools enables an interchange of information about availability of students and what might be in store for them when they graduate.

Phoenix is essentially aimed at providing information for the schools about the arts and science of minerals and the nature of the decision-making which faces a mining group when it looks at a deposit and considers exploitation. It works in three phases.

First there is a week-long induction course for teachers only. They go to a local orebody and do a feasibility study, trying to decide whether money ought to be spent on development. This is followed up with special courses for teachers, generally lasting four or five days, when they consider the application of mathematics, physics and chemistry to minerals.

The third phase brings in the students, who come with teachers to do field work on minerals: followed by laboratory work in the school and simulated decision-making.

Phoenix has worked well enough for similar programmes to have been set up in South Africa, but with only a limited number of UK institutions offering courses in the disciplines the mining industry needs, the flow of students to the mining profession must inevitably be restricted.

Paul Cheeseright

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Lubricant coat sticks tight

ON TEST in a North Sea installation is a series of closures which rely on a development by a UK engineer relating to methods of linking low-friction coatings to standard production nuts and bolts, etc.

Brief reflection will show how important this development could be in the highly corrosive marine/oil exploitation environment, particularly if the coatings will—as expected—keep nuts and bolts from seizing up through corrosion from salt spray and chemical attack.

Specifically, the development would allow coatings to be applied which will withstand constant exposure to temperatures running up to 400 deg. F.

Coatings can also be provided which have low friction effects coupled with good anti-corrosive properties, preferred subjects being the stud bolt sets which join pipe flanges to valve flanges.

This is very important in that it should give a significant improvement in working conditions for divers who need to carry out replacement work or effect new connections, working against the clock.

Coatings of this type have been available for some time, but the developer claims, they have tended to break down and leave operators with the same problem as before.

The secret, according to Mr. Alex English, is the pre-treatment method which achieves a finish on the components to one-tenth of a thou and ensures an excellent key between the surface and its thin fluorocarbon coating.

Another development is a method of cold-galvanising which eliminates the threat of distortion inherent in hot-dip methods.

Further details of the treatments from Mr. English at 28, Inveresk Place, Coatbridge, Lanarkshire ML5 2DA. Coatbridge 24481.

Keeping the timber healthy

A NEW BSI code of practice, BS 5589 Preservation of timber, will contribute towards the conservation of timber. The durability of timber (and derivatives such as plywood, chipboard and fibre boards) depends largely on correct specification and sound design, particularly for timber used in buildings. Nevertheless, for optimum performance, it is often necessary to increase natural resistance to decay and insect damage by treatment with wood preservative.

The question of how and when to specify such treatment calls for professional consideration of several important factors, particularly the design and expected life of the component and the economics of treatment. BS 5589 gives general guidance on these and other aspects and complements an existing standard (BS 5268, Part 5) which deals with the treatment of constructional timber, mainly for use in buildings.

The new code has been expanded to cover external woodwork in buildings and out of contact with the ground; agricultural and horticultural timbers; timber in permanent or intermittent contact with sea or fresh water; timber for use as packing in cooling towers; and fencing timber.

The code makes recommendations for a range of processes and treatment levels according to the severity of the environment concerned and the natural durability and suitability of the timber selected.

A significant innovation is the inclusion of performance tables which quote suggested treatments to protect different species of timber throughout desired periods of service. In addition, reference is made to a series of specifications published by the British Wood Preserving Association, which also produced the original drafts on which the new code is based.

BS 5589 from BSI Sales Department, 101 Pentonville Road, London N1 9ND. Price £5.60. Telephone 01-629 9000.

A good life look for less cost

FOR SOME years, wallpaper appears to have been regarded as a cheap and cheerful product. Whether applied by home decorators or professionals, it rang instant changes in the home, hotel or restaurant and was often replaced within a few years by different or more contemporary designs. However, since people are spending more than ever before on furniture, carpets and fittings, they have started to look for more opulent and lasting decor.

Although foil wallcoverings and flock-finished papers with a 3D effect have become very popular, they are constantly rising in price. Acrylic fabrics range from about £12 to £20 a piece and suede-effect finishes can cost up to £50 a roll.

A number of D.I.Y. decorators will save on labour costs by applying better wallcoverings but have often been frustrated by the time-taking and often messy problem of coping with the chronic edge curl on foil wallcoverings, a task ably dealt with by experts.

A manufacturer claims to have overcome the latter problem with the production of a foil covering whose backing paper is impermeable to water, thus obviating the curling edge disadvantage.

Also developed is a process using the flocking technique to produce effective foil wallcoverings at about half the price of wallcoverings using the traditional method.

Now, says Mayfair Wallcoverings, it is possible for users to invest in a high aesthetic standard of decor with a minimal budget.

Its new techniques will be included in the company's latest range which is to be launched on January 1 next year.

Meanwhile, more from the maker, Commercial Plastics at Gramlington New Town, Northumberland (067 071 3333).

● PERIPHERALS

Mini range extended

WITH THE announcement yesterday of an important extension to its 1500 Series minicomputers, ICL is apparently proposing to use this range, inherited from Singer, as the basis for much of its distributed processing work.

The new 1505 has been designed so as to suit the demands of many users for a machine which simplifies communications between offices. At the same time the floppy disc available with the unit will make it easy to send out information which can be understood both by ICL and by other manufacturers' computers.

The ICL 1500 has been installed in various versions all over the world, the latest count taking the total to 10,000.

Prices now run from a little over £3,000 to just under £10,000 for a typical layout of the new 1505.

● MACHINE TOOLS

Where precision pays

BECAUSE NO less than 90 per cent of a company's production of cigarette making machinery is destined for export markets, and particularly developing nations where skilled labour is at a premium, accuracy of components is vital if the machines are to continue in fault-free operation.

With this in mind, the manufacturer of the machinery, Molins, chose six Warner and Swasey 1-SC numerically controlled lathes which are the nucleus of the former company's turning centre at its High Wycombe factory.

Since the utilisation rates of the six lathes are all in excess of 95 per cent, the percentage of production time lost through machine breakdown and the shortage of tools, jigs and blue prints, has averaged out at only 1.8 per cent, says the company.

One facility which aids performance is the use of Miturn programing on a computer installed in the U.S. via a communication satellite.

Within one hour of transmitting data, Molins receives a part programme which includes selection feeds and speeds and a selection of tools based on its standard tooling package.

Further from Warner and Swasey, Bristol Street House, 138-182, Bristol Street, Birmingham, B5 7AZ (021-622 1581).

● ELECTRONICS

Modem from UK maker

A BRITISH manufactured data transmission modem operating at 4800 bits/sec is now in full production at Borer Electronics, Wokingham, and since it is already gaining market acceptance should allow some import substitution.

The company, which is now part of the Swiss owned [illegible] group, has doubled its head count in the last twelve months and now has new premises under consideration.

The unit, called 4853I, is designed for operation on point-to-point four or two wire conditioned leased lines or on dial-up circuits. Change from leased to public switched lines is by depression of one front panel switch.

Design is based on large scale integrated MOS chips and signal processing is digital throughout. The demodulator is actually a special purpose computer with storage, data bus and an arithmetic logic unit.

Error rates are in the region of one in a million, achieved by a combination of phase and amplitude modulation with good filtering, use of a "maximum likelihood" detector and true adaptive equalisation.

The unit includes self-test and system test facilities for easy loop-back testing and fault isolation. An internal pattern generator provides signals for audio and digital tests, a front panel lamp showing errors. Loop-back testing can be controlled remotely if necessary.

Meeting the CCITT V27 requirements, the modem measures 6½ x 8½ x 15½ ins and weighs 20 lb. Two can therefore be mounted side by side in 19 inch racking.

Borer is at Fishponds Close, Wokingham, Berkshire RG11 2QL (0734 783372).

● DATA PROCESSING

Population and housing

AN INSTANT area analysis system which can provide users with all the population and housing information for any area of Britain is available from Comshare Limited.

Called "Site" it has a range of general commercial and government applications using data from the 1971 Census of Housing and Population. The form in which this data has been released by the Office of Population Censuses and Surveys ensures that it is impossible to identify individuals.

For example, Site can help evaluate alternative locations, estimate sales potential, identify factors contributing to successful operations of branch outlets, find target audiences for advertising, allocate territories and estimate market shares.

In the government sector, Site is especially useful for helping agencies position social service facilities and estimate demand for services such as transport, education and health facilities.

All a user has to do is to give the location and shape of the area for which information and analysis is required. This can be described geometrically or using a building block approach with predetermined areas (for example, Enumeration Districts, Wards, Local Authorities or Counties).

The program then goes directly to its database and accumulates the information for the specified areas. It prints this accumulated information in clear, concise and easy to understand report form.

A user may compare area information for several areas, or compare his statistics with the national figures—even compare specific area data with a range of statistics for standard areas. These include Counties, Local Authorities, standard regions, conurbations, new towns, hospital regions, as well as Parliamentary constituencies, reorganised Counties, Scottish Regions and Districts.

Comshare, 32, Great Peter St., London SW1P 2DB. 01-222 5665.

● RESEARCH

Financial support

THE NORTH West Region Marine Technology Consortium has been awarded a Science Research Council grant of £528,000 for a three-year programme of marine technology problems.

The programme consists of 20 projects in the areas of environmental forces, fluid mechanics, structures and materials, economics and life sciences.

* * *

THE Department of Industry's Engineering Materials Requirements Board (EMRB) is to contribute £580,000 towards a three-year programme costing £1.2m at the British Glass Industry Research Association, and £163,000 (50 per cent of the cost) towards a three year project to develop an improved strand annealing furnace at the BNF Metals Technology Centre.

● TRANSPORT

Simple idea could save lives

SIGNIFICANT ADVANCES in car tyre and wheel safety are claimed by Dunlop with the announcement today of the Denloc concept which ensures that a tyre remains locked to the wheel following a blowout or puncture. This development has the added advantage of a limited run-flat capability.

Essential point of Denloc is the provision of a small groove in the wheel rim into which an enlarged toe on the tyre bead fits snugly when the tyre is placed on the rim. The simplicity of this concept is such that it can be applied to car tyres of any type or construction.

Denloc will eliminate the potentially dangerous situation which can arise when a puncture or blowout causes a standard tyre to deflate. If a driver steers or brakes sharply following a blow-out on standard tyres, it could well be that the tyre beads will be dislodged from the rim and the car might overturn if the rim dug into the road surface.

On Denloc tyres and wheels, the tyre beads will stay locked in place even if the driver is forced to swerve or brake. The tyre remains in position, albeit deflated, and far better control of the vehicle is preserved.

Locking the tyre beads means that a vehicle is still able to move away from what might be a hazardous position in heavy traffic—on a roundabout, flyover or whatever—to a place where repair work does not spell danger to the driver.

Energetic attempts to dislodge the Denloc beads from the wheel rim, even with no pressure in the tyre, have failed. The tests were carried out both on fleet vehicles and on high speed force cornering machines. But servicing and replacement can be carried out using standard equipment and procedures.

The company is discussing marketing and licensing implications of the Denloc idea with vehicle makers and government organisations.

It has been presented to the National Highway Traffic Safety Committee in Washington recently with considerable success.

The wheel to take the lipped tyre is a slightly more complicated pressing than standard wheels and the two types of tyre are not interchangeable. But it would, presumably, be fitted as standard equipment on vehicles during the next production year, would be produced in series and thus should cost very little more than the design it is displacing.

One salient feature of the Denloc development is its simplicity to obtain a major effect, generally the hallmark of a good idea. It could do for Dunlop what the Denovo development should have done but didn't.

Further details of the development from Dunlop at 10-12 King Street, London SW1Y 6RA. 01 930 6700.

Commercial vehicles

AMONG EXHIBITS to be seen at the Motor Show at the NEC, Birmingham (October 20-29) will be a range of tail-lifts with push-button control and slam lock closure of the folding platform, from Ratcliff Tail Lifts, Welwyn Garden City, Herts.

The redesigned (and altogether more refined) lift is of the company's established column-either-side configuration. There are no slotted-peg fasteners and no manually controlled stop valve in the hydraulic circuit (originally there to prevent creep-down of the lift). The need for such items, say the company, is eliminated by the slam-lock closure, by which the folded platform is held positively while travelling.

There is no bouncing of cables—and that relieves the cables of load except when the tail-lift is being used.

The slam locks (one on each side of the platform) are released by a single handle recessed beneath the platform. The handle can be reached by a person standing on the ground.

A lightweight version of the Linkliner sliding side van body has been developed by the maker, Boalloy, Congleton, Cheshire, which is to be shown at the NEC.

The structure is made entirely of aluminium-alloy and generally suitable for payloads up to 5 tons; the body itself weighs only a ton. It is said to be especially appropriate for 7.5 tonne gross vehicles for which a heavy goods driving licence is not required, and gives a quarter-ton saving on a standard Linkliner.

Demonstrating the growing appeal of curtain-walled trucks for urban deliveries, this company is also showing its Tautliner where the advantage of load-bearing curtains has been extended by using the method at the back as well as the sides of the vehicle.

The exhibit is the latest type of vehicle to be bought by Whitbread and is on a two-axle 14 ton gross Dodge Commando on low-profile tyres, giving a laden height of only 43 inches. Racks behind portholes in the deep aluminium side rails provide handy stowage for the carbon dioxide cylinders to assist beer dispensing.

All Tautliners now have anodised-aluminium track for curtains, says the company. The curtains themselves are hung on special nylon runners that are profiled to slide easily even when displaced at an angle.

Said to be extra-versatile, is a curtain-sided 40 feet semi-trailer version of this truck. All sorts of load and handling methods can be tackled—something particularly useful in a rental fleet.

This will be seen on the company's stand, too, and is one of a hundred on Crane Fruehauf and Tasker chassis for Transport International Pool.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

FINANCIAL TIMES SURVEY

Friday October 13 1978

Banking in France

With its large State sector the banking system in France is even more the tied agent of Government monetary policy than in most other countries. But it nevertheless chafes under the present austerity programme—and its protests are now mingled with a growing volume of complaint from other sectors of French society.

Still held in check

By Robert Mauthner, Paris Correspondent

THE BIG question mark currently hanging over the French economy is whether Prime Minister Raymond Barre's austerity policies are eventually going to succeed. Equally important is whether the results are going to come through quickly enough to forestall a wave of social unrest and perhaps a major Cabinet reshuffle in which the former economics professor could well be relieved of his post before his task is completed.

Britain's experience has shown that while unpopular economic policies are reluctantly swallowed by the unions and the electorate for limited periods if the country can be persuaded that it is on the brink of an abyss, they must be seen to work fairly rapidly. But opinions in France this autumn are sharply divided as to whether M. Barre's medicine is in fact providing the radical cure for France's economic ills which he promised when he was appointed Prime Minister in August, 1976.

To do him justice, he has always said that it would take three years before the patient would turn the corner; no quick remedies were possible. The basic conditions for a lasting recovery must first be created, even if it meant the temporary abandonment of France's traditional policy of rapid growth—which in any case was no longer realistic in the context of an international recession.

M. Barre has been fortunate in that the Centre-Right coalition's comfortable general election victory last March has given him added political breathing-space to carry out his master-plan for the French economy.

What was originally no more than a programme to curb inflation, restore equilibrium to the trade balance and stabilise the franc has been fleshed out since the election into a fully-fledged industrial policy. The basic philosophy behind this policy is simple as well as salutary in the context of a basically capitalist economic system.

Undermined

In the eyes of M. Barre the efficiency of French industry and its ability to compete in world markets has been undermined for too long by *dirigiste* policies compounded by featherbedding by the State. To survive in an increasingly competitive international climate industry's profit margins and thus its capacity to invest must be restored.

The immediate post-electoral period, when the Government could still claim there was a national consensus for its policies and the Left-wing opposition was in a state of complete demoralisation, was clearly a good time to carry out these fundamental reforms. Industrial prices were freed and the State-owned utilities were allowed to raise their tariffs on the understanding that the huge and mounting Government subsidies from which they benefited would be progressively reduced.

The counterpart of this policy was that "lame ducks" were given to understand that they could not automatically obtain financial aid to keep them afloat. Given the tens of thousands of jobs involved in some ailing sectors like textiles, shipbuilding and steel, which could hardly be allowed to go to the wall without undermining the whole structure of the economy, this was a difficult principle to respect.

However sound the political timing of the new industrial policy—it could hardly have been introduced at the end of a legislature—it has nothing to help M. Barre's shorter term economic stabilisation policy. After two years of what is described rather exaggeratedly in France as an "austerity" programme, the results of the successive Barre plans have been no more than mixed.

On the credit side are the trade balance and the performance of the franc in the international exchange markets. The trade balance, which was cut by half to just over FFr 11bn last year, has shown a regular monthly surplus since the beginning of the year—with the exception of August when it slipped back into a FFr 1bn deficit. But August is never a typical month because of the holiday season, and the results were further distorted by aircraft purchases. The official forecast for the whole of 1978 is that the trade account will be in surplus to the tune of FFr 7bn.

Much of the improvement can clearly be put down to the sound performance of the franc over the past six months. The troubles of the dollar have been a boon to the economy—despite all the carping that goes on in France about the iniquities of floating exchange rates. Between February and July the franc appreciated by as much as 10 per cent against the dollar, which is the currency used to pay for France's very substantial oil imports, which supply as much as 75 per cent of its total energy requirements.

The favourable trend in the terms of trade, however, is not entirely due to the franc-dollar rate. During the same period the franc also appreciated by more than 9 per cent against a basket of currencies of its main trading partners—and even by 8 per cent against the European "snake" currencies, including the D-mark.

In the circumstances the comparative failure of M. Barre to deal with the problem of inflation is all the greater, since an appreciating currency should normally have a substantial effect on domestic prices. Instead, inflation is once again running at an annual rate of more than 10 per cent, and the probable outturn at the end of the year is currently estimated at 9.4 per cent compared with 9.1 per cent in 1977.

The Prime Minister can hardly be accused of laxity. Since his appointment he has steadfastly refused to reflate the economy, sometimes in the face of heavy pressure even from within the Government camp. Though the budget deficit this year will be somewhere in the region of FFrs 27bn compared with the FFrs 9bn announced originally and a deficit of FFrs 15bn has been budgeted for 1979, a tight rein has been kept on credit policy and the expansion of the money supply.

The banks, in spite of all their protests, continue to be subject to credit growth ceilings which could even be made more severe next year, while the money supply expansion target for 1979 has already been lowered to 11 per cent from 12 per cent this year.

The main cause for the high rate of inflation, therefore has to be looked for elsewhere. Partly it is the price M. Barre is paying for his new industrial policy, though he claims that it is only a temporary phenomenon. The freeing of industrial prices, it is now more widely accepted, is not inflationary in the longer term because rises are kept in check both by domestic and international competition, on the other hand it is clear that the authorised increases in transport and other public sector tariffs have produced a sharp rise in the cost-of-living index.

Wages policy, too, has been less restrictive than is often made out. While the British Government's strict incomes policy has provoked a fall in UK living standards over the past two or three years, this has not been the case in France, where wages and salaries are inflation-indexed.

Official policy is to allow small real increases in purchasing power for only the lowest paid categories of workers, but in practice the rise has been much more general than that. Hourly wages jumped by as much as 5 per cent in the second quarter of this year, the biggest increase recorded since the corresponding quarter in 1974, and the equivalent of a rise in purchasing power of 2.1 per cent, given that retail prices rose by only 2.9 per cent during this period.

Restive

M. Barre therefore has little scope for loosening the screws in the foreseeable future, which places him in a particularly difficult position. For another big price he has had to pay for his restrictive policies is mounting unemployment, now approaching 1.2m and rapidly becoming a major political issue. Six months after the election, and with a series of by-election successes under their belt, the Socialists and Communists are again beating the unemployment drum for all they are worth and the unions are becoming increasingly restive. What is even worse, as far as the Government is concerned, is that the Gaullists, still the biggest coalition partner, are becoming more and more vociferous every day in their demands for expansionary job-creating measures.

Unflappability is the Prime Minister's hallmark but he must realise in his heart of hearts that time is not on his side. Even the official forecasts indicate only a slow improvement in the situation. GNP next year, it is true, is expected to rise by 3.7 per cent compared with 3.2 per cent in 1978, but this is well short of the 4.5 per cent required even to keep unemployment stable.

Industrial investment, while expected to rise by 6 per cent as against 4.2 per cent in 1978, is not really reckoned likely to pick up until the middle of next year, and consumer demand, which has been the main "motor" of the economy during the first few months of this year, is forecast to rise only marginally faster in 1979—by 3.8 per cent compared with 3.6 per cent.

Even the inflation rate forecast for 1979—some 8 per cent compared with nearly 10 per cent this year—hardly marks a big enough improvement to strike joy into either the Prime Minister's or the unions' hearts

Cautious approach to borrowing abroad

FRENCH borrowers have become familiar to most banks during the past four years even if, since the elections in France last March, they have raised far less than expected. This of course is essentially due to the improvement in the country's balance of trade coupled with the dislike the Prime Minister M. Raymond Barre has expressed about too much borrowing abroad.

Borrowers fall into two categories: those which like Electricite de France (EDF) and Caisse Nationale des Telecommunications (CNT) have investment needs over the next few years which cannot possibly be met entirely by the domestic market: hence the necessity to borrow abroad. Other borrowers such as Credit National or SNCF, to take but two examples could borrow all they need domestically but the Tresor has asked them to go into the international markets to establish a new French name. Thus, they may be absent for fairly long periods if the country's balance of payments is in good shape.

There is some argument as to the exact role of the Ministry of Finance: to some extent the requirements of the Tresor and the borrower can be contradictory but essentially the Tresor is strict in its monitoring of the conditions on which it will allow a given company to raise money. Prestige here is all important and while some banks feel the official's game is at times a little childish the financial directors of the various companies argue that a tight rein is necessary. Recently a back-up line for commercial paper which SNCF is to issue in New York had to be renegotiated (it had already been syndicated) because in the meantime the Electricity Council of Great Britain had achieved better terms, albeit on a straight loan.

This incident caused some amusement in the markets: the coq Gaulois's pride was safe. Some bankers argue that by systematically pushing the banks to their limits, the Tresor is not doing the French names any good. If the markets turn less liquid, matters simply get more difficult for the said borrowers. That argument is fair enough but it does smack of a selling ploy.

The Tresor has been known to go further. When two bonds, one for a French name the other for an international organisation were due to be priced the same day, the Tresor insisted on identical pricing but also insisted that the lead managers give it the assurance that in the secondary market and for the next few months, the price would not fall. The feeling among some bankers that senior civil servants are so jacobine at times as to mistake the market for their own underlings is unmistakable: no doubt in time they will give up such practices. One must add that France is a relative newcomer to the market whereas the fortress of the Rue de Rivoli has been pushing people around since the days of Napoleon.

Manoeuvre

Where the financial directors of major national companies do have greater freedom of manoeuvre is when it comes to choosing what type of instrument they will borrow in. The two great competitors here—in a friendly fashion—are EDF and CNT. While the first can claim to have pioneered commercial paper for a French borrower and arranged the first SDR denominated notes, the second opened the Yankee bond market for French names and broke through the 1 per cent spread on syndicated loans back in January 1977. EDF looks now as if it will break through the 1 per cent barrier before October 1978 is out.

Knowing how to bide your time seems a key element in CNT's thinking: it waited a year after the lifting of the U.S. interest equalisation tax in March 1974 before launching the first ever French Yankee bond (at least since the one sold for the Credit Foncier 20 years before) because market conditions were not right. CNT is also very careful in following the secondary market performance of its bonds.

Detailed concern about an issue is also well illustrated by the insistence of EDF in one instance that the underwriter's spread be increased and that the extra money go to the salesman. French borrowers do sometimes express concern that so much of the paper raised in the New York market has found its way back into Europe. This appears to have been particularly the case of issues floated in 1976—a halcyon year for French borrowers.

According to New York sources the reason is simple: not only was that year a high water in terms of size of borrowing but the insistence of the borrowers—should one say the Tresor—that every operation be on better terms or for larger amounts than the previous one resulted in bad placing and quick return to Europe of a lot of the paper, much of which is believed to be held by French institutions to this day. Maybe, the same banks add, it would have been wiser for this game to have been played less hard and for the Republic to have borrowed one lump sum and passed it on to the agencies. However Eurobonds found their way to New York: it is far from sure that this two way movement actually hinders placing power in either the Yankee or the Eurobond markets.

Of course much depends on the maturity: the paper which came back to Europe is thought essentially to have carried maturities of less than 10 years. More recent French issues in New York appear to have suffered less in this respect. Other French borrowers such as SNCF and CNT play a different role acting as go betweens since the Tresor prefers to raise money through different national companies rather than in the name of the Republic. However CNT is insistent that the funds it raises in foreign currencies are used to help French firms in their export drive.

The currency mix of the foreign debt of many of these firms varies: CNT's debt includes about 31 per cent of French franc instruments, the equivalent in dollar instruments, 16 per cent in Deutschemark instruments and 15 per cent in Swiss franc instruments. At SNCF the proportion of dollar instruments is 40 per cent while Swiss franc instruments account for 36 per cent including borrowing via Eurofima. More than one financial director concedes he is unhappy about

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Sleeping giants in Euromarkets

THE FRENCH BANKS—particularly the big three nationalised ones (Banque Nationale de Paris, Crédit Lyonnais and Société Générale)—have often been referred to as the sleeping giants of the Euromarkets: in terms of balance sheets they may well come first after the three major U.S. banks, but as lead managers of credits and bonds they figure less prominently, though Crédit Lyonnais does not have a bad track record where syndicated credits are concerned (particularly in terms of "premieres") and BNP is highly respected for its role in the bond market. The conservative approach taken by the major French banks — be they nationalised or private — has reasons which are understandable and have not changed much over the years.

In both instances—credit and bonds—working from a French franc basis makes the task of the banks delicate. Most of them watch their commitments in foreign currencies carefully and pay great attention to the ratio of resources to commitments, which by tacit agreement with the Banque de France is 50 per cent: standby credits with major U.S. banks, fixed rate medium term certificates of deposit and floating rate notes, the latter being the more visible part of the iceberg, are the major way in which they insure their future needs.

Seldom

The three banks have very important commercial networks around the world—often their interests in a given country (for instance, BNP Nigeria) might lead them into jumbo loans but they seldom head such operations, unless they are for French borrowers. Medium-term loans they participate in as lead managers are often tied to export credits to a given country or to the desire to widen the banks' role in that country: CCF's attitude to some Latin American loans fall into this category. The interest banks have in tying medium-term credits to Coface financing for the same borrower is understandable and fruitful in view of the size of Coface credit available for some areas.

The sharp fall in spreads and fees witnessed over the past month makes the French banks even more cautious—some express their deep concern and argue that their larger network of offices around the world allows them to respond efficiently to their clients' needs and be much more selective than some of the large U.S. banks about whom they lend to.

Paris bankers point ironically to the refusal of U.S. banks to lend to prime French names over the past 12 months because of "low" spreads and to find them lending to heavily indebted LDC borrowers a few months later at near similar conditions. A rigid ceiling of lending to every sovereign borrower under the sun they feel is too bureaucratic a way of doing business.

The three major French banks are of course in keen competition to lead prime French names and with the Ministry of Finance insisting on the very best terms, some battles royal take place. In this matter the Tresor leaves the borrower to choose his own lead manager but is firm in fixing the conditions of the loan.

BNP lost a mandate to Credit Lyonnais earlier this year to arrange a $100m back-up line for a commercial paper issue in New York for Electricite de France because it felt a spread of ½ per cent was too low and it would be wrong for it to be a party to pushing down spreads further. The big three French banks tend to have very close relations with state borrowers—be they national companies or local entities—they do not appear to have the quality of contact with private industry that banks such as Paribas or Lazard do. The private banks would also seem to have greater freedom in deciding the risks they take.

When it comes to Eurobonds French banks suffer from some disadvantages: the placing power of Swiss, West German and Benelux banks is vast—yet Paris bankers, both in private and public institutions, argue that their placing power is much less negligible than is sometimes made out to be. A bank like BNP set itself certain targets in terms of new issues and feels happy with what it has done: maintaining a steady secondary market in the issues they bring to the market they view as very important. It is also worth while remembering that the two banks which merged to form BNP back in the 50s had no international financial expertise to speak of. It has taken time to build up an international department: the bank would rather tread surely but slowly. And slow the process is bound to be because it is difficult to break into established syndicates for the major borrowers in the bond market.

Favours

French banks have also suffered from the absence of a French franc bond market which would have allowed them to exchange favours with other foreign banks and thus participate in more underwriting groups: that market reopened last month but not in the best conditions with a FFr 200m bond for EIB managed by CCF, but no one expects this sector ever to assume a major importance.

Talking about league tables brings a wry smile on to most Paris faces—a nice U.S.-induced idea, muttered one banker, who added that in view of the amount of unplaced paper at some time this year it might be interesting to compile a list of banks which today were warehousing the largest amount of bonds—"I can assure you there would not be a French name in the top 10."

Francis Ghilès

GUARANTEED EXTERNAL DEBT

(Repayable principally in foreign currencies)

Type of debtor	Amount outstanding at December 31, 1976 (FFr m)	Additional debt guaranteed during the period January 1, 1977-May 11, 1978* (FFr m)
Autonomous and semi-autonomous public agencies and institutes (including the CCCE)	22,950	9,617
Municipalities and departments	267	—
Nationalised Services	13.774	8.385
French Railways	4.046	1.618
Overseas railways	5	—
Foreign governments and organisations	18	—
Miscellaneous	9.471	4.489
Total	50.531†	24.109

* Represents new external debt guaranteed by The Republic of France during the period indicated without taking in account repayment of guaranteed external debt during such period.

† The amounts of the currencies in which such indebtedness (excluding indebtedness denominated in SDRs and indebtedness denominated in EUAs) was at December 31, 1976, denominated and repayable were approximately as follows:

	Currency (m)	Franc equivalent* (m)
U.S. dollars	6,240.7	31.046.0
Deutsche Marks	4.134.7	8.724.2
Swiss francs	3.497.4	7.112.1
Luxembourg francs	2.068.6	278.3
Belgian francs	1.687.9	233.8
Italian lire	24.758.7	140.9
French francs	2.142.8	2.142.8
Dutch guilders	347.7	703.8
Dirhams (United Arab Emirates)	42.0	52.9
Lebanese pounds	26.3	42.1
Austrian schillings	111.5	33.1
Japanese yen	1,200.0	20.4

* Converted into francs at the rates of exchange in effect at December 31, 1976.

Source: French Treasury.

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Host of semi-State institutions

THE EXISTENCE in France of a considerable number of institutions linked directly or indirectly with the State and existing to finance industry either by directing funds to specific sectors or to business as a whole marks a fundamental difference in the structure of industrial finance between Britain and France.

These bodies range from deposit-taking institutions like the Credit Agricole—"the farmers' bank"—to concerns which raise funds exclusively on the fixed-interest market for on-lending and direct instruments of the State like the FDES Economic and Social Development Fund.

A number of them specialise in the financing of small and medium-sized industry and business. The Crédit Hotelier, the Caisse Nationale des Marchés de l'Etat, and the various Regional Development Companies (which are groups of regional bodies combining for the purpose of fund-raising on the market) fall into this category.

The network of 37 *banques populaires*, with their regional implantation and co-operative structure (to which a separate article is devoted) are geared specifically to finance artisan projects—that is, concerns employing fewer than 10 people.

The horizons of other institutions are less specific: the Credit National finances a full range of industry while the FDES, whose credits are managed by the Crédit National, intervenes particularly in areas where vital regional, employment or national interests are at stake in a company's future.

Practically all these institutions at some time or other act as agents in distributing special Government credits for particular sectors or activities like stimulating economy of energy or exports, employment in the regions and the like.

Agencies

The amount of money represented by these activities is considerable. The Government's direct agencies, headed by the FDES, had some FFr 35bn lent out at the end of last year. The Caisse des Dépots had some FFr 8bn, while altogether in December last year there was some FFr 130bn out in medium and long-term non-mobilisable money, helping to finance capital equipment investment.

Add to that the FFr 227bn of credit employed in the property sector (including FFr 106bn by the fund financing the construction of low-cost rented accommodation) and the FFr 148bn directed towards the local and regional government sector and the total of credit outstanding from sources other than the "mainstream" banking sector amounts to more than FFr 550bn.

The giant among these institutions is the Crédit Agricole, with a balance sheet total of FFr 329bn at the end of last year and FFr 127bn in medium and long-term loans. The Crédit Agricole started life as a non-profit-making (and hence non-tax-paying) institution. Its problem is that it is awash with money which it cannot employ in operations outside the field of agriculture and the agro-food sector. As a result it is the biggest supplier of cash to the money market after the Bank of France itself, and acts as one of the Government's gendarmes in keeping control on the money market.

It is seeking authority to be able to compete directly against the commercial banks in the full range of activities, since at the moment it is forbidden to make loans to industry or for property and housing (outside rural zones). The commercial banks, not surprisingly, view this ambition with horror, and the Crédit Agricole is likely to have a stony path to tread.

It has succeeded in having the definition of the agro-food sector broadened somewhat, and it has revised its fiscal status so that it is now taxable—an indispensable step towards winning the right to enlarge its activities. The block on its domestic activities has also pushed it into overseas activities which it is expanding.

But the Crédit Agricole is an institution apart, and here it is proposed to leave aside this very particular operation and to concentrate on two more characteristic bodies, the Crédit National and the Crédit Hotelier.

From its home on the Left Bank—characteristically in one of the beautifully proportioned *hotels particuliers* that now house State or semi-State institutions—the Crédit National has expanded beyond all recognition since it was founded in 1919 to finance post-war reconstruction. It enjoys a special legal status since, although its shareholders are banks, insurance companies, institutional investors and even individual investors, the State has reserve powers of control. But as its chairman M. André de Lattre (widely tipped to be the next Governor of the Bank of France) points out, it does not take its orders from the Government. He quotes the Crédit National's long resistance to Government pressure to sink (sink being the right word in this context) funds in the Boussac textile empire.

The "mission" of the Crédit National is to finance industry and commerce in the competitive sector—that is, excluding monopolies like the power supply utility EDF. Although it is normally stated that the Crédit National concentrates on the big boys, in reality it is strongly present in the small- and medium-sized business sector, and some two-thirds of the 1,500 loans it made last year were individually below the FFr 2.5m.

Its activities take two basic forms. The first is long-term lending directly to clients. This has grown from around FFr 1.5bn in 1968 through to FFr 7bn in 1975 and at the end of 1977 was FFr 31bn. Broken down into very imprecise sectors, loans to the energy and chemicals sector amounted to around 24 per cent of 1977 lending, followed some way behind by mechanical engineering, shipping and metallurgy.

The institution has a special role as the agency for specific Government lending projects. Thus during 1974-77 it handed out about FFr 3.5bn to companies increasing their export capacity in return for specific pledges about export performance.

Package

In 1975 when the Government unveiled a FFrs 5bn package to aid investment in the interests of employment the Crédit National disbursed around half of this and in the following years a further FFrs 650m as part of a Government scheme to encourage the expansion of smaller industries in the regions. Last year it handled the FFrs 3bn made available for industries promising investment to stimulate employment or export performance.

The second basic activity is mobilising medium-term credits on behalf of the banks for capital investments. The banks have the possibility of discounting their paper at the Crédit National which, for its part, can re-discount with the Bank of France. Its role here then is both that of surveillance and of directing cash in conformity with official policy. At the end of last year there was some FFrs 17bn lent out in such form, and lending is accelerating to a level of some FFrs 6bn a year.

The Crédit National is not a deposit-taking institution and has to raise its own cash for its direct lending. It does this by raising money on the fixed interest market, under State guarantee, normally via one, two or three issues a year. Last year, for example, it tapped the market for FFrs 2.3bn.

Classic

The medium-term mobilisations are financed by realising the bills deposited with it by the banks, while money is also raised via long-term borrowing from institutions like insurance companies and from such classic money-providers as the Caisse des Dépôts and the Crédit Agricole.

Specific operations undertaken for the State are financed individually. The Crédit National may participate in national fund-raisings or may seek funds overseas. It contracted five loans in foreign currency last year to finance these special operations.

Altogether last year the Crédit National made some FFr 14.5bn available to companies: FFr 6.8bn in direct loans; FFr 6.3bn in medium-term credit: and FFr 1.4bn on behalf of the State. This represented about 10 per cent of the term borrowing of companies in the competitive sector.

The other activities of the Crédit National can be summarised briefly. One of the main ones is to act as the channel via which the Government disburses money from its FDES Economic and Social Development Fund. This fund exists to help enterprises whose cash needs or whose vulnerability puts them beyond the Crédit National pale but whose collapse would bring serious problems at the level of the regional economy, employment, or national industrial resources. Thus the steel industry is a leading creditor of the FDES and recently, the FDES provided the first tranche of FFrs 8m towards an aid of FFrs 20m to the Saint-Etienne armaments, mail-order and retailing group Manufrance.

The volume of Crédit National-managed FDES loans was around FFrs 12bn at the end of last year.

The Crédit National is also the leading shareholder behind the State in the Institut pour le Development Industriel, a sort of quasi-venture capital operation which takes temporary stakes in smaller companies short of funds.

It also plays a leading role in Sofinnova—a venture capital enterprise to provide cash for companies developing high technology profits, and has participation in a number of regional development companies which provide capital and long-term loans to medium-sized companies. There are also a series of consultancy and analytical services within the Crédit National purview.

Away from the Left Bank and its elegant facades stands the gleaming tower near the Porte de Versailles and the orbital motorway of one of the Crédit National's competitors for the favours of the small and medium-sized businessman—the Crédit Hotelier Commercial et Industriel.

The Crédit Hotelier specialises in financing smaller and medium-sized enterprises, particularly in the tertiary sector, though its industrial activity is growing. Whereas it has severe competitors in the industrial sectors in the shape of the Crédit National, Regional Development groups, and other State-backed bodies like the aisse Nationale des Marchés it has a head start in the tertiary sector. It raises its funds on the money market, and on-lends to business, often at rates subsidised by the Government. The characteristic of these loans is that they are very long-term—up to 15 years only—and a particular role of the Crédit Hotelier is as the longer-term financing arm of the group of *banques populaires* to which it belongs.

Like the Crédit National, the Credit Hotelier (which as its name suggests is particularly strong in the financing of tourist infrastructure like hotels and indeed is the 100 per cent owner of the Frantel chain of middle-market hotels in France) acts as an agency for the distribution of special Government lending to particular sectors, or for particular purposes like encouraging energy economising of exports.

Areas being considered for expansion are the possible financing of industrial zones (as a way into financing the individual enterprises which establish themselves there) and techniques to overcome the problem of succession to family businesses—though these projects are both in a very premature stage of discussion.

The figures for 1977 activities illustrate the Credit Hotelier's character. Almost 37 per cent of its lending went to small manufacturing industry and public building and works. Tourism claimed some 27 per cent of resources, commerce slightly less and services around 10.5 per cent. More than three-quarters of the investment programmes thus money financed were in towns of less than 50,000 people and the Credit Hotelier calculates that they permitted the creation of 11,000 jobs.

Destined

Looking at it from another stance, more than 70 per cent of the loans approved were destined for companies with fewer than 50 workers, while loans of less than FFr 500,000 represent almost half of the total volume of credit granted and some 85 per cent of the individual dossiers. Again, at the end of last year the total amount outstanding to the Crédit Hotelier was more than FFr 14.5bn for an average value of FFr 311,300.

The loans are issued at a fixed rate (11 per cent at the moment) but special Government loans command more favourable rates—e.g., 8.5 per cent for the first five years rising to 11 per cent thereafter.

The long-term investment financing may be associated with medium-term bank financing backed by the Crédit Hotelier in its role as a discounter—a role analogous to that of the Crédit National. Such "twinned" loans can represent 70 per cent of total investment needs.

David Curry

Borrowing abroad

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the Swiss franc instruments in that they have proved very expensive and while some have gone ahead and raised yen denominated bonds, others express the utmost caution.

SNCF for instance would like to push up the percentage of its dollar instruments and bring down that of its Swiss franc denominated borrowings.

All these borrowers carry a sovereign guarantee and an exchange guarantee is provided by the Tresor. However, the borrower is free to choose when to convert the currency into French francs—in marked contrast to UK borrowers which in this respect have no freedom of manoeuvre.

While many banks—foreign or not—may complain of what they see as the high-handed negotiating tactics of the Tresor, French names will remain very attractive and the country more than likely to insist on getting the very best rates. Overall, this year French borrowers are likely to raise less money than was expected earlier on this year, but that does not mean they will disappear. The needs of the like of EDF and CNT remain considerable: building a modern telephone system and increasing the nuclear power capacity are expensive projects and very close to President Giscard d'Estaing's heart. Investment needs will remain high, as will no doubt the competition between the various banks to get the business. If any borrower can be expected to breach the ⅛ per cent spread—publicly—for a syndicate credit, the odds are that it will be a French name.

Francis Ghilès

Rapid expansion of foreign operations

THERE WAS A time when French banks appeared content to sit back on their laurels at home, the adventures of their Second Empire youth long past, mulling over remembered exploits like the building of the Suez and Panama Canals—some of which did not always end happily.

But if in the early post-war growth of international banking the French tended, with some exceptions, to lag behind, they have certainly made up for it since. French banking abroad has taken on a fresh lease of life in the past ten or 12 years. In most cases this has involved a sharp change of attitude, coinciding with that of French industry as a whole as the country has come to rely to a much greater extent on its foreign trade and has secured its place among the world's top ranks of exporters.

This trend has been accentuated by the effort — at present successful—to keep pace with the implications of the past five years' increase in oil prices. While the effect at home has been a slowdown in banking business after the rapid development of the late 1960s, French banks are continuing to expand in aggressive fashion abroad—in the fields of international finance, merchant banking, export credit, and retail banking.

This development is very different from the traditional French banking presence abroad although many links remain.

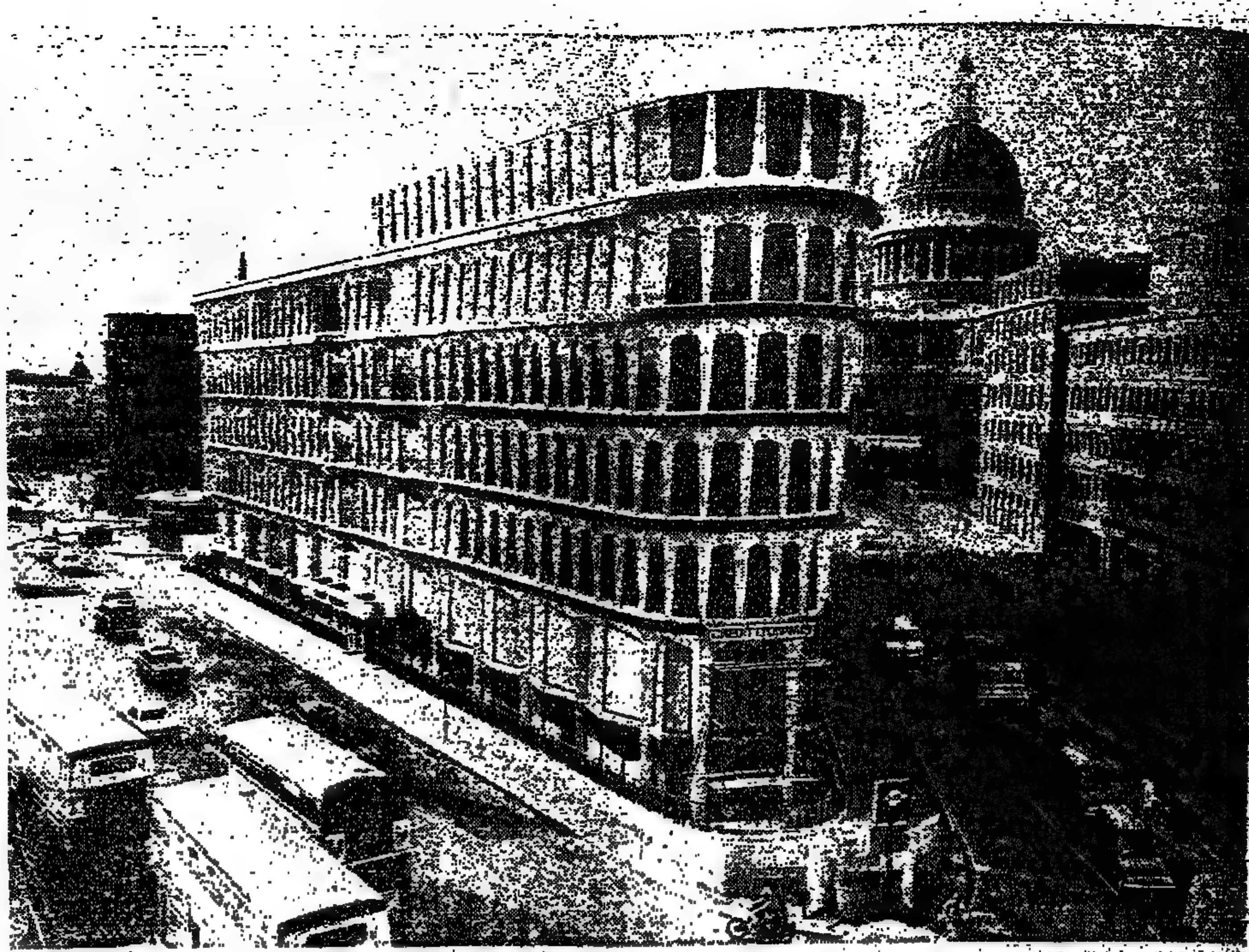
Foreign connections were implicit in the early days of many French banking institutions. There were those of the French Lazards and the French Rothschilds, or of a lower profile merchant bank like Banque Worms, dating back to the revolutionary year of 1848 and originally engaged in shipping English coal to France and French plaster to England.

Branch

Societe Generale—or to give it its full name, Societe Generale Pour Favoriser le Developpement du Commerce et de l'Industrie en France—set up a London branch in 1871, only seven years after its foundation. Banque de Paris et des Pays-Bas (Paribas) was in 1895 financing a loan, guaranteed by Russia, for China to pay war indemnities to Japan. Banque de l'Indochine, now Indosuez, was the issuing bank in French South-East Asia and several Pacific territories.

Many of these footholds vanished when new governments in places like Algeria and Madagascar took exception to French interests. Banque de l'Indochine, in many ways a counterpart to the Hongkong and Shanghai Bank, lost its privileged position in Indochina in the 1950s and became a commercial bank, the most important in the region, until nationalisation caught up with it in Vietnam and Laos.

The retreat has now been convincingly reversed. The reasons for recent expansion have been the growth of trade, the Common Market, the increased role of multinational companies, the emergence of markets in Eurodollars, then Eurocurrencies, then petrodollars, the relative lack of manoeuvre in the domestic economy and the seemingly permanent installation of strict credit curbs by the French Government.



The new City of London headquarters of Credit Lyonnais in Queen Victoria Street

The latter should not be seen as the main reason, although it is something French bankers love to harp on. As things become tighter at home, it is certain, however, that they have come to rely heavily on profits originating abroad, where the credit curbs do not apply. For a bank such as Paribas, foreign earnings now contribute as much as half of overall profits. For the biggest French bank, the State-owned Banque Nationale de Paris (BNP), foreign operations add only 10 per cent or so to the domestic balance sheet, but their benefits—in terms both of profit and of the generation of extra business within France—are far greater.

The backbone of France's banking presence abroad is made up of five groups, three State-owned and two private: BNP, Credit Lyonnais, Societe Generale (only recently a serious contender on the international front), Banque de L'Indochine et de Suez (Indosuez) and Paribas. In many areas they work through subsidiaries, such as Paribas' investment operations in North America or BNP's mixture of joint ventures in Black Africa, including the United Bank for Africa in Nigeria. Indosuez works through fewer than 100 of its own branches and over 300 subsidiaries and affiliates.

These banks are now concentrating on developing their own networks rather than relying on the international banking clubs, which nowadays look rather like damp squids—especially Credit Lyonnais' ambitious Europartners venture with Commerzbank and Banco di Roma, born in a time of greater optimism about the rapidity of European integration. Indosuez is now rather smugly content for never having joined one.

Influence

French banks, like the British, retain some traditional spheres of influence. In Francophone Black Africa a handful of French banks often have the field to themselves. But they have also put up strong competition for business in other regions, particularly since the end of the 1960s in the Middle East, backed up by a government foreign policy which plays heavily on links with Arab countries.

Paribas claims the biggest banking presence of Continental Europe in the Middle East, and Indosuez has built up there what it lost in Indochina. It is one of the few foreign banks in Saudi Arabia and the only French bank in North Yemen.

The Soviet Union, where Paribas had the first permanent non-Communist bank representation, has recently seen the arrival of other banks, and at least one is waiting to be the first into China. Credit Lyonnais and Paribas—through Sudameris—comprise the main French banking interests in South America, and French banks are well represented in the financial centres of Europe and the U.S. Credit Lyonnais first thought of setting up in New York 100 years ago (it was not evident then that the city would become the financial centre we now know). Having in the meantime lost St. Petersburg, it finally made it seven years ago.

Export credit has been one of the main growth areas in French banking, alongside foreign exchange, leasing and insurance. It is one of the few sectors exempt from credit ceilings. Indeed in 1974, when the Government clamped down on the State banks for bypassing credit rules, it set up in the same breath a FFr 4bn fund for companies to build up their production for export.

State backing for export credits follows a fairly formal pattern. Since the war the Banque Francaise du Commerce Exterieur (BFCE) has mobilised State funds for refinancing credits and for its own direct credit operations. The bulk of loans are insured by the export credit guarantee body Coface, while the Government also runs an information service through its French Foreign Trade Centre (CFCE) and its farm-sector counterpart Sopexa. All these institutions are long-established but have recently gained immensely in importance. The BFCE, which has a representative office in New York, counts as one of the biggest French banking institutions.

The outlook is that the banks will continue to build up their foreign bases as trade assumes increasing weight in French affairs and as the EEC looks southward to Spain and elsewhere.

The search for an international role was one of the main reasons for the banking sector becoming more concentrated in the late 1960s. BNP was formed by merging the Comptoir National d'escompte de Paris and the Banque Nationale pour le Commerce et l'Industrie, which had a large foreign network, in order to form a State bank of world stature.

In similar fashion in the private sector the European network of Banque de Suez was pooled with the ex-colonial Banque de l'Indochine.

Will this trend continue? A director of one of the leading banks said that in terms of management efficiency within metropolitan France, growth had gone far enough. Further groupings would be a handicap at home but an advantage abroad. "We shall have to see which wins the day," he concluded.

David White

Money supply controls

FRANCE'S SYSTEM of draconian restrictions on increases in bank loans, the "*encadrement du credit*," in its sixth year of operation, is being studied with an eye to reform at the Rue de Rivoli. But to judge from the backtracking which followed Economy Minister Rene Monory's off-the-cuff remarks at the IMF meeting in Washington, the system will probably be left intact, while the smallest 200 French banks will be excluded from its strictures. Since they collectively account for just ½ per cent of banking assets, the system will probably operate much as before.

Encadrement du credit is a French attempt to control expansion of the money supply directly, by limiting increases in loan volume. The approach has a certain simplicity when compared with other monetary techniques. Rather than controlling banks' sources of funds, the French control their use through a ceiling on the volume of loans. (In addition the French Government, like others, controls the other component of money supply, its own deficits.)

With the M1 growth target for 1979 at 11 per cent (down from 12 per cent this year), the Barre Government is expected to continue the ceilings system, and reduce them further.

Since 1972, when the Banque de France was "converted to Friedmanite principles" (in the words of one of its officials) a steadily lower ceiling has been imposed on the volume of new lending by banks. In 1978 (as in 1977) the ceiling allows, officially, only an increase over the year of 5 per cent. This sum is considerably less than the increased loan volume which would be normal to take into account French inflation. Furthermore, thanks to new restrictions on previously exempted credits, major banks find that the real volume of permissible increased lending in 1978 is more like 3½ per cent. The ceiling for 1979 has not yet been fixed.

Smaller banks have long been allowed a somewhat faster growth of loan volume, of 8 per cent. Ceilings are applied under a seasonally adjusted monthly or quarterly scale.

Exceeding its ceiling subjects a bank to what the Banque de France calls "extremely dissuasive supplementary reserves," the requirement that funds be frozen at zero interest with the central bank to more than match the excess—the amount grows geometrically. According to Philippe Aymard, deputy general manager of Credit Industriel et Commercial, France's fastest growing private bank (and professor of banking at the Sciences politiques faculty in Paris): "Permanently exceeding the ceilings by 5 per cent is sufficient to wipe out any bank's profits for the year."

Backing up the supplementary reserves system is a further control — obligatory reserves. Here too France is unique in the world with a requirement that banks immobilise funds not only in proportion to the volume of deposits, as is normal, but also in proportion to the volume of assets (loans). At present, the immobilisation amounts to only ½ per cent but it is another potential monetarist tool.

Despite the logic of regulating bank liquidity directly, the French system has come under attack. Le Monde's financial correspondent calls the French system "barbarism with a monetarist face." Olivier Wormser, former governor of the Banque de France called the

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Power network of farmers' bank

'THIRD IN the world and irst on the earth," was the proud claim of the Credit Agricole, the French farmers' bank, in a recent advertising campaign. The boast is based on the latest classification of The Banker magazine in Britain nd the American magazine Fortune and can thus hardly be disputed. What is much more uestionable, however, is whether Credit Agricole can be compared with any other commercial or merchant bank in the world, or even with the three French nationalised giants, Banque Nationale de Paris, Credit Lyonnais and Societe Generale.

Even the usually docile French nationalised and commercial banks, accustomed to years of *dirigiste* control by the Government, notably in the form of credit growth ceilings, nd a mixed banking system which favours the State-owned financial institutions, have recently launched a campaign calling for the abolition of Credit Agricole's special privileges.

The criticism is not new, but has increased in intensity as the Credit Agricole has mushroomed at an astronomical rate. The Government is shortly expected to announce a series of measures affecting the banking sector which will almost certainly include a modification of the Credit Agricole's status.

Tentacles

Created at the end of the last century to meet the needs of farmers, the Credit Agricole is mutual credit and co-operative organisation whose tentacles stretch to every region and township of the country. It basically a grouping of some regional banks with a network of as much as 10,000 branches, supervised by a central establishment called the Caisse Nationale de Credit Agricole, itself controlled by the Ministries of Finance and Agriculture.

Its capital is held by its 2.8m members. Though the bank can collect deposits from anyone it allowed to lend only to its members. To be able to borrow from the Credit Agricole it is not sufficient to grow geraniums on your balcony, as some of the bank's detractors claim. You have to be a farmer or an inhabitant of a rural community with a population of not more than 7,500.

The regional banks collect deposits used to make short-term loans and they also sell bonds issued by their central institution, the Caisse Nationale. With the proceeds the Caisse Nationale makes advances to its regional banks, enabling the latter to grant medium- and long-term loans to their members in rural areas. Thanks to Government subsidies the vast majority of these loans are made at an interest rate well below that charged by the commercial banks.

Moreover, since a co-operativa is by definition a non-profit making institution, the Credit Agricole is entirely exempt from company or payroll taxes, though it is subject to a local authority business tax, known in France as the *taxe professionelle*.

Although the other banks have never been happy about the "green bank's" special privileges, its recent rapid expansion and invasion of more traditional banking stamping grounds have caused an outcry. As M. Jean-Maxime Leveque, chairman of the Credit Commerical de France and one of the chief spokesmen of the French banking community, has pointed out, the Credit Agricole is in the process of becoming the biggest banking establishment in the world as the result of its privileged position.

The figures bear out M. Leveque's fears. With a total balance sheet at the end of 1977 of FFr 329bn and FFr 127bn in medium and long-term loans, the Credit Agricole currently collects more than 25 per cent of total bank deposits in France. Its capital stock has more than doubled in five years from FFr 7.8bn in 1972 to FFr 16.9bn in 1977, compared with a mere FFr 1.1bn to 1.3bn for each of the "big three" nationalised banks. And its profits—described as a "surplus" because it is a non-profit-making co-operative in theory—have more than doubled since 1975 to FFr 1.5bn, more than those of the BNP, Credit Lyonnais and Societe Generale combined.

Freed by the Debre banking reforms of 1966-67 from the previously rigorous legal distinctions between commercial merchant and other types of banks, the Credit Agricole has opened branches in Paris and other big provincial cities such as Lyons and Marseilles, thus directly competing with the commercial banks on their own ground. Even in rural areas, the bank has extended its activities beyond farming to the financing of any kind of job-creating venture, including even the liberal professions.

Supplier

Moreover, its high degree of liquidity has made the Credit Agricole into the second biggest supplier of funds to the Paris money market, preceded only by the Bank of France itself, which, according to M. Leveque, has created a highly dangerous situation. "When, in a single country, a deposit bank collects too big a share of the total money supply," he said in a recent interview, "the central bank loses its control over the creation of money."

The CCF chairman goes even further than this in claiming that it was because the French monetary authorities feared the great influence of institutions like the Credit Agricole that they introduced their credit growth ceilings in the first place.

If the Credit Agricole is powerful at home, it is also beginning to make its mark in international finance. The bank is the Goverment's main financial agency for promoting agricultural exports, a key role given that the Seventh Plan has set a target of FFr 20bn surplus in agro-food trade by 1981.

Credit Agricole's international department has been fully operational since 1975 and is already offering a full range of international banking services to its regional customers, who had previously been at a disadvantage in this field compared with those of the traditional commercial banks. In addition, it has become increasingly active in the Eurocurrency and Eurocredit markets and has participated in several commercial credits to developing countries related to agricultural and agro-food projects.

In partnership with five other European co-operative banks, it has created the United Co-operative Banks or UNICO group and now has a 17 per cent stake in London and Continental Bankers. Indeed, the Credit Agricole is beginning to look more and more like any other commercial bank and it is therefore hardly surprising that its competitors are beginning to champ at the bit.

Even the colossus itself has begun to flinch under the pressure from the other banks. The president of the Credit Agricole's National Federation, M. Jean Fiquet, has recently indicated that his institution would be prepared to pay company and other taxes from which it is now exempt, on condition that the credit restrictions to which it is subject were modified and that the limitations on the range of its activities were abolished.

The Government, however, is unlikely to grant all these demands. While it is probable that a decision will be taken before the end of the year to extend company taxes to the Credit Agricole, and possibly other establishments of similar kind, no fundamental change in the credit norms applied to the bank can be expected. The authorities who, last week announced an ever lower money supply growth ceiling for 1979 —11 per cent compared with 12 per cent in 1978—are hardly likely to make an exception for an institution which has such a big influence on the money supply.

The most that the "green bank" can hope for is authorisation to extend its lending and financing activities to towns of up to 15,000 inhabitants, which would embrace 55 per cent of the country's population, instead of 41 per cent as at present.

Handles

M. Fiquet has admitted that the obligation to pay company taxes would in no way prevent the Credit Agricole from charging lower interest on its loans than its competitors, thanks to its much greater productivity. According to official statistics, each employee of the Green Bank handles one-third more funds than his colleague in a traditional bank. No doubt one of the main reasons for this performance is that the Credit Agricole, alone among banks, can count on tens of thousands of voluntary employees in its local branches. That, at least, is an advantage which the Credit Agricole is unlikely to lose.

Robert Mauthner

Money supply

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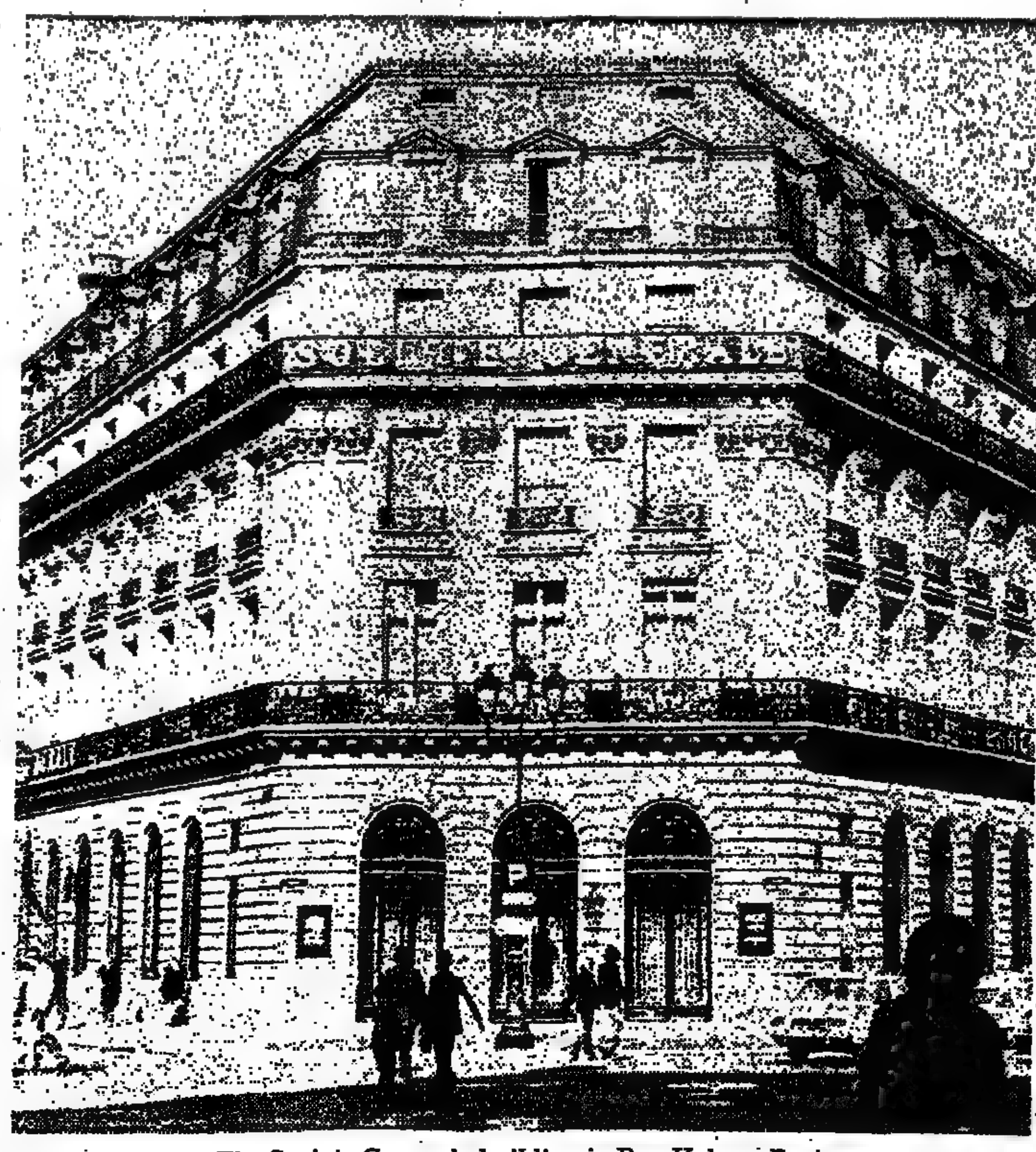
mitation of bank credit "anti-competitive, anti-growth and arbitrary." Yet under present conditions of relatively flat loan demand, the system is rather less onerous than it might appear, and one banker admits that bankers like to blame the ceiling for turning down loans they would turn down in any case.

In practice the system has a number of loopholes. One major exception to controls is the unlimited right to borrow foreign currency, deliberately created to encourage capital inflows and a strong franc. Naturally, foreign exchange borrowing by banks and companies adds to the domestic French money supply. Another set of exceptions covers export credits, which are subject to a much less rigid ceiling than other loans. Since the beginning of this year such loans are not wholly exempt from ceilings as they were in the past, but even so only 15 per cent of the total volume is controlled. Other exempt categories include loans for regional development, energy-saving installations and labour-intensive loans. These categories are also exempt from the statutory ½ per cent reserve requirement.

Penalty

One obvious effect of the ceilings is to discourage competition among banks. New loan clients cannot be served without penalty, so a bank has no reason to aggressively seek new deposits it cannot place. However, there has been a market response to the existence of surplus lending capacity at some banks while others are strapped for funds. A "*desencadrement*" market has grown up under Banque de France supervision, where banks in excess can rediscount their loan portfolio with banks with money to lend.

This interbank market last June offered banks with spare lending capacity a premium of per cent interest over the call money rate—a nice reward for not doing business with borrowers directly.



The Societe Generale building in Rue Halevy, Paris

Banker Guy-Henri de Roquemaurel, at Credit Commercial de France, says "controls have produced a permanent change in the operations of well administered banks." Supplementary reserves with the Banque de France have shrunk to levels of FFr 600m (September, 1978) from a high of FFr 15bn in the spring of 1974.

Initially, banks tried to ignore the restrictions. But the lesson of the Government's seriousness was driven home when the State-owned Credit Lyonnais tried to beat the system in 1974. Then, potential corporate depositors were sent off to lend directly to loan-seeking companies, and the matchmaker bank, in return for a repayment guarantee, received a commission on the business. The bank's then president seemed to feel that its nationalised status would save it from the supplementary reserve requirement, but instead Credit Lyonnais was made an example, and reported the first operating loss in its history.

According to Credit Lyonnais' present head, Claude Pierre-Brosselette, if market forces were used to achieve the same goals as the "encadrement system," interest rates would have to be "as high as 20 per cent" to do the job. But other bankers, among them Aymard, argue that a system focusing on sources rather than uses of funds—common practice in the rest of the capitalist world—would make far more sense for France.

Vivian Lewis

BANKING IN FRANCE VI

Co-operative banks out to spread their net

THE YOUNG housewife breezily healthy and obviously prone to none of the ills which *beset the Parisienne as she* battles for a few square feet of gravel or sand on which the children can play, waves her cheque-book cheerfully in the air and heads for the local market, the wind gently catching her blonde hair. "The region," she proclaims as she sets off for her wholesome expedition, "that means something to me."

This is the scene, duplicated by a cheerful mechanic or a manifestly un-pressured young executive, which for months figured prominently on the walls of the Paris Metro. The advertisements were for the institutions *collectively known* as the *banques populaires*, which are a regionally based system of co-operative banks, and which have recently been mounting an extensive campaign to boost their base of deposits from the general public.

Whether they have succeeded will emerge when their 1978 figures can be worked out, but what is certain is that they play an important role in the French banking scene.

Exclusive

Briefly, their characteristics are their regional base—there are 37 such banks each with an exclusive regional territory; their co-operative structure; their speciality in financing the most small-scale of industrial activities (enterprises employing fewer than 10 people are dubbed "artisanal" in France); and *the fact that this financing* is mainly short-term.

They also serve as sources of finance for smaller industry generally, but their "mission" as far as the Government is concerned is to help the artisan, and they have an important function in *administering and disbursing* Government funds placed at the disposal of this sector.

The banks began about a century ago, but their current shape began to be formed in 1917 when they received a specific co-operative status from the French Parliament. At this *time as well began their vital* co-operation with the *sociéties de caution mutuelle*, groups of companies in the same sector brought together at departmental level to act as guarantors for loans. The close relationship with these mutuelles is still a vital element in the operations of the banks.

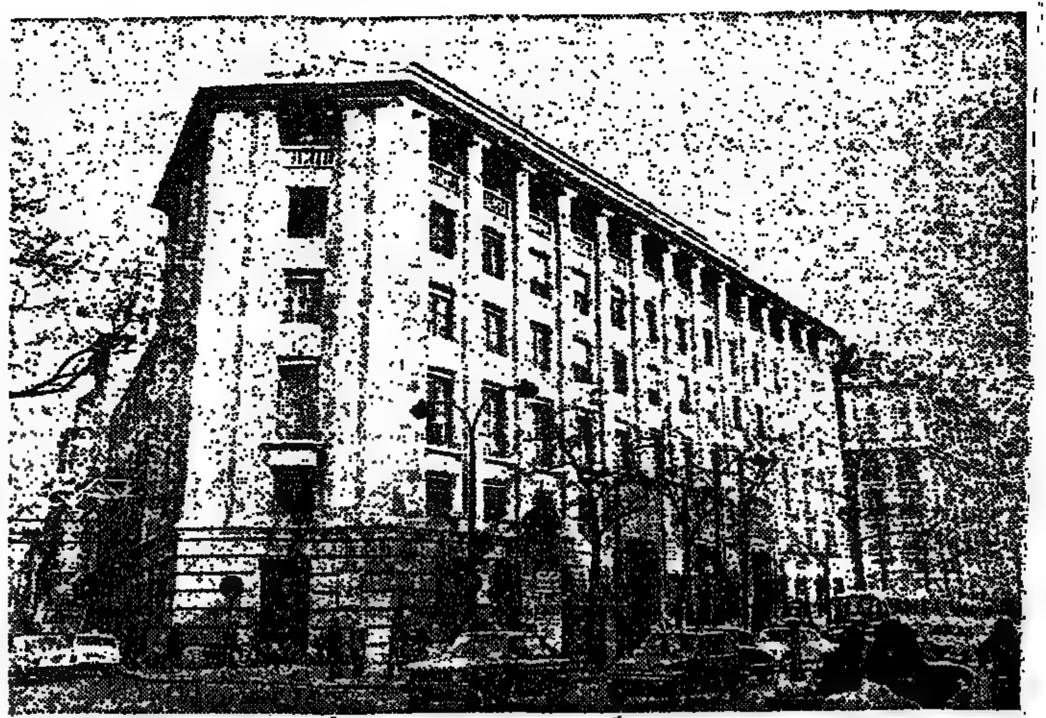
After World War I the banks mushroomed, and it was more or less at Government pressure in 1929 that they created a central regulatory and representative authority.

Eventually the banks acquired the right to grant loans to their members to buy property, and they have been in the market for personal financing of civil servants, members and salaried staff for more than 15 years. From the structural point of view the main event was the adherence to the group of the specialist financing agency the Crédit Hotelier (discussed in the article on semi-state institutions) since this brought to the banks' tradi*tional short-term financing the* capacity for medium and long-term financing.

The main source of funds is deposits which amounted to FFrs 47bn at the end of last year. The banks also have the right collectively to raise money on the fixed interest market for on-lending to artisans and they also constitute one of the channels for the distribution of Government funds.

The size of their deposits make these banks (including a 38th member which is a specific institution to finance members of the education service but excluding the resources of the Crédit Hotelier which has no deposit base) the sixth largest in the French hierarchy after the Credit Argicole, the three State-owned banks and the Crédit Industriel et Commercial group. The deposits (which had grown to FFrs 52bn by the end of July 1978) are composed roughly as to two-thirds from individuals and one third from companies—the proportion for lending is almost exactly the reverse.

The financing of artisanal activities is, as has been emphasised, central to the raison d'etre of these banks. At the end of last year they had some FFrs 4.5bn outstanding for this purpose. Of this some FFrs 2.1bn was in the shape of money from the Government Economic and Social Fund FDES distributed by the banks; some FFrs 655m represented money raised on the fixed interest market for on-lending: and some FFrs 1.7bn was cash from the banks' own (deposit) funds. To this must be added the FFrs 813m lent to artisans for property purchase.



The Banque Nationale de Paris building in the Boulevard des Italiens, Paris

Lending other than to the artisan sector comes out of the banks' own resources. At the end of last year such lending totted up to around FFrs 32.6bn of which some FFrs 16.8bn was short-term.

Membership of the group seems stable. The members *pay 10 per cent of their net* profits into a special safeguard fund to come to the rescue of anyone in difficulties. As each bank has its exclusive area of activity there are no new entrants, and no immediate mergers are on the cards.

The role of the banks' in artisenal financing is likely to increase. It is understood that the volume of FDES lending they handle is likely to double to around FFr 4bn, and in return for this increased business (on which the banks earn commission) they are being asked to commit more of their own funds to the same sector at favoured rates of interest.

This move is in line with the policy being pushed by the Government to encourage the creation of new businesses, particularly in the manufacturing sector, this being regarded *as an essential generator of* employment. The Government is reasoning that big business is no longer a creator of jobs because of the demands international competition makes on costs and productivity. Hence it is the small man who must perform the dual role of creating jobs and maintaining a degree of activity at the regional level.

The group has taken some recent initiatives in this direction, notably by creating in each member bank a special bureau to deal with would-be business creators. Each bank is also sponsoring a competition to find the most promising business creator who will be rewarded with financial subsidies and management assistance.

Since these ideas were launched last April the banks claim that they have dealt with around 1,000 potential new businessmen and have actually helped some 159 projects to get under way—most of them in fact in the service rather than manufacturing sector.

While the collective weight of the banks is substantial, individually they are small. The largest is the Banque Regional d'Escompte et de Dépôts which operates to the east of Paris and in Normandy and boasts some 166 branches. Only one other bank, the Banque Populaire du Centre, based in Limoges, can show more than 100 branches and the average is somewhere below 50.

The group, apart from its central regulatory and representative body, the Chambre Syndicale des Banques Populaires, also has its own "central" bank in the shape of the Caisse Centrale des Banques Popularies, which manages the surplus cash of the group and is active on the national and interantional money market and the financial market. *It also disposes of* a range of central technical services.

Reinforcing their activities in the field of smaller industry the banks have a subsidiary called Sopromec which exists to provide funds to companies suffering from a severe deficiency of capital. Intervention ranges from the taking of minority participations to personal loans to company heads.

The glossy brochure of the Groupe des Banques Populaires proclaims proudly that they are "banks without bankers." This refers at once to a juridical structure in which the clients are also the members but also to the accessibility of the bank to the "small man" and the determinedly regional character of the institution. While the management of FFrs 50bn in deposits can hardly be called work for amateurs, there is no doubt that these banks do represent a link with a sturdy local patriotism which is one of the characteristics of the citizens of this centralised but immensely diverse country.

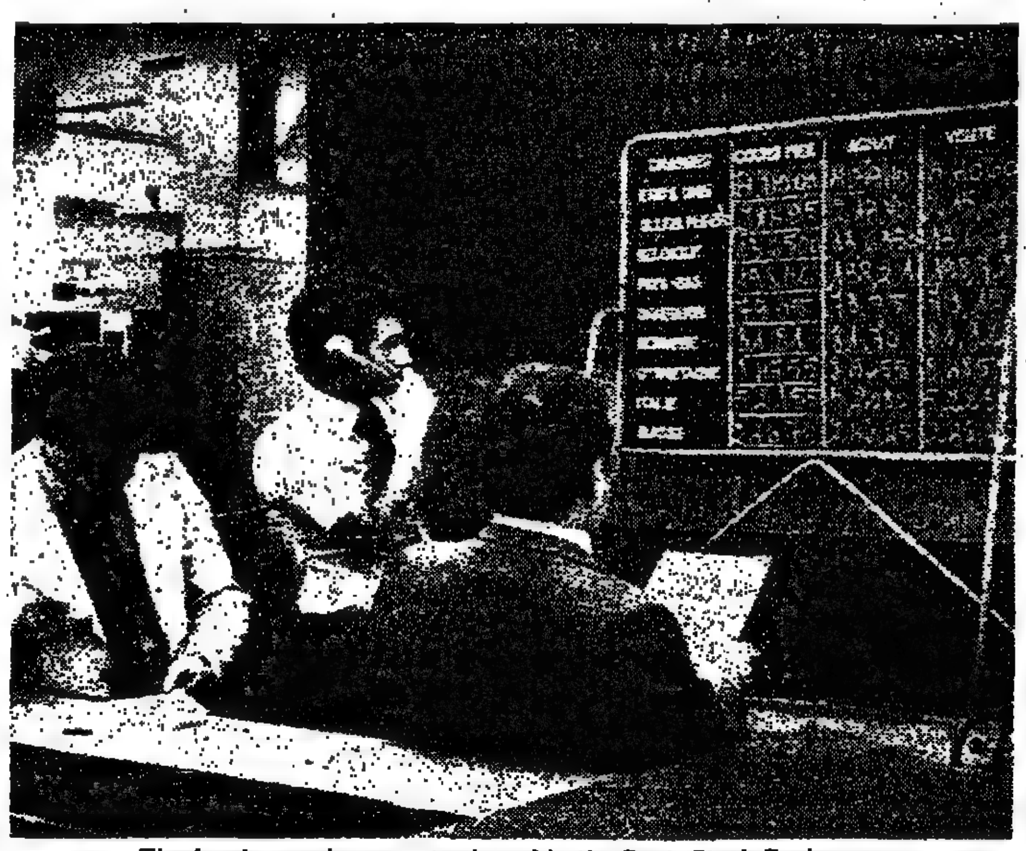
David Curry

Direct stake in industry

THE FRENCH *Banque d'Affaires* is a very different animal from a British merchant bank, mainly because of the important part industrial shareholdings play in its business.

It also differs because there is no longer much legal distinction between the investment banking and commercial banking sectors. In 1966 deposit banks were allowed for the first time to take deposits of more than two years' maturity, and the *Banques d'Affaires* to take deposits of less than two years.

Both classifications of banks have a big role as industrial shareholders, the one lingering difference being that deposit banks are limited to a 20 per cent maximum stake in any one company.



The foreign exchange rates board in the Paris Stock Exchange

Burden

But even with minority interests, French banks are *accustomed—to borrow one* banker's euphemistic way of putting it—to accepting much of the burden of responsibility in directing a company. The biggest private banking groups, in particular Paribas and Suez, are cornerstones of industry. Behind them come a group of other private banks such as the family run Banque Vernes or the Dutch controlled Banque Neuflize Schlumberger T Mallet, more specialised but with important spheres of influence, especially when it comes to takeovers and company reorganisation.

Since the 1966 bank laws, known as the Debré Reforms, most banks have opened public branches. But where the nationalised banks such as Credit Lyonnais still draw their revenue mainly from straightforward bank lending operations, the *Banques d'Affaires*, run on much tighter costs, draw theirs more from other sources, notably commissions, foreign exchange operations and portfolio revenue.

In this sense the distinction is still marked, barring a borderline case like the private sector deposit bank credit Commercial De France.

The private banking groups are a pretty diverse lot. Only *Paribas* has a balanced set of interests, in steel, in the Thomson-CSF Electronics group, in the Total oil group, in Pechiney-Ugine-Kuhlmann, in a number of banking interests in France and abroad. The Suez group is also well spread but with a preponderant 22 per cent shareholding in Saint - Gobain - Pont-a-Mousson, the glass and chemicals combine, France's largest private industrial concern.

The others range from those with particular sectors of interest, such as Banque Worms in shipping and insurance, to banks which revolve around one particular industrial group, such as Banque de l'Union Europeenne, part and parcel of the Schneider steel and engineering combine, headed by the Belgian Baron Edouard-Jean Empain.

Lazard Freres, with interests in insurance, consumer credit and property, is the only one which comes close to the British idea of a merchant bank.

The relationships between banks' shareholding and purely banking interests are variable, often complicated and sometimes controversial. There are holding companies which control *Banques d'Affaires*, banks which control holding companies, deposit banks which control merchant banking interests, complex mutual shareholdings and shared interests between different banking groups such as in the consumer credit bank Compagnie Bancaire.

The French Rothschild group has just changed its structure around with a reverse take-over, suppressing the figurehead Compagnie du Nord, a holding company which was built up on the railways before the State took them over and which was quoted on the Stock Market. Banque Rothschild now assumes Compagnie du Nord's former position, giving the group a stronger emphasis on the commercial banking side.

The banking groups are highly sensitive about the word "empire." Cie Financiere de Suez, holding company of the Suez group, says it takes a back seat as far as day-to-day management, investment and so on, are concerned in Saint-Gobain-Pont-a-Mousson or the sugar group Beghin-Say, where it also has a key shareholding. On the other hand it was Suez which thought up and engineered the merger between Saint-Gobain and Pont-a-Mousson in the first place.

The growth of Suez holdings in the last 15 years—holdings it is now concentrating on simplifying rather than expanding—has been remarkable. The company is a descendant of the Compagnie Universelle du Canal Maritime de Suez, set up to build and run De Lesseps' venture. In 1956 nationalisation by Egypt left it with indemnity rights, its present building in the discreet Rue d'Astorg, in Paris, and a portfolio collected as a pension fund for canal employees, it seriously considered disbanding.

In March this year it nearly disappeared again. The Left's *election platform on nationalisation*, which Suez believes would have been "unstoppable," would have taken all its main interests, including the banks—Indosuez and the clearing bank Credit Industriel et Commercial—and the most important industrial shareholdings.

Like Paribas, Suez has separated its holdings and banking operations. Although companies in which it holds shares also often rely on the group's banking services, it does not insist that they do so. For instance, Saint-Gobain's main banker is the Banque Nationale *de Paris (BNP). Ste Lyonnaise* Des Eaux, a public utility which is another big Suez interest, has close connections with Credit Lyonnais. "Why double your risks?" argues Suez. But separation between shareholding and purely banking interests is not necessarily the general rule.

The banks which can most convincingly claim not to be building industrial empires are the three big State-sector deposit banks, although all have *Banque d'Affaires* offshoots. Banexi, a 10-year-old subsidiary of BNP, says it regards none of its industrial holdings as permanent. Its very mixed collection of small interests have often been taken with a specific aim, such as averting an imminent foreign takeover. It has also been closely involved in a shareholder reorganisation at Lesieur, the leading French edible oils group.

The holdings of a bank like Banexi, about FFr 400m in shares and almost the same in property, place it in the lower rank, but the bank claims a unique role in its active mergers and acquisitions division, which now has an international section with representatives in London and New York. It is currently handling a large number of portfolios, including some opened by leading industrial groups.

Banexi says it is independent of direct Government influence in this respect. But it may be guided by what it senses as its "duty" or as the economic role of its parent bank.

By a Correspondent

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Cinema

Every colour tells a story

by NIGEL ANDREWS

Ludwig (A) Screen on the Hill
Word Is Out (AA) Scala
Slavers (X) Film Centa and selected release
Violette et Francois (X) Gala Royal
Blood Relatives (X) Scene, Studio and Screen on Islington Green
Pete's Dragon (U) Odeon St. Martin's Lane

Winner of the Understatement-of-the-Year award: "We've always known that Ludwig was a bit eccentric." The speaker is Romy Schneider as Elisabeth of Austria, the Ludwig referred to is Ludwig of Bavaria (played by Helmut Berger) and the film is Luchino Visconti's six-year-old bio-pic of the German king.

Calling Ludwig eccentric is, of course, like calling Lucrezia Borgia inhospitable: the truth is not half told.

But Visconti's film draws its strength and passion from the fact that it takes Ludwig *quite* seriously. So seriously indeed that one suspects a process of identification is going on: that Visconti, that self-styled Marxist and real-life aristocrat, that self-styled Classicist and closet romantic, is fascinated by the life of a man whose social conscience was annulled by madness and who lived out his personal dreams with the freedom bequeathed him by total power.

I first saw the film several years ago at the London Film Festival, where it seemed long, slow and prodigiously encumbered by sets and costumery. Perhaps it was ahead of its time, or I was behind mine, for it now looks quite remarkable. Compared to Hans-Jurgen Syberberg's Brechtian collage *Ludwig: Requiem for A Virgin King*, the treatment is fairly orthodox and the film's sumptuous naturalism might lure the unsuspecting filmgoer into comparisons with a TV classic serial. But *Ludwig* is in a different world: not only in the fabulous richness of Visconti's colour sense, but in the feeling that behind that richness there is real passion. From flaming reds to dying oranges to sickly greens, every colour sets a mood and tells a story.

Ludwig himself, of course, is the tragic hero *par excellence*: natural nobility and sensitivity fighting a losing battle with those "vicious moles of nature" that destroy him from within. Helmut Berger, a variable actor before and since, seems to have made a leap of commitment to this role. His pale, beautiful face, with raked eyebrows and a slight prissiness of the mouth, has a startled magnetism that holds the eye through all the stages of his disintegration: beginning as the handsome monarch-prodigy and declining, by slow degrees, to a sallow, puffy-cheeked fugitive, shutting himself in his Brobdingnagian castles against the depositing importunities of his government.

Flitting in and out of his life are Trevor Howard as Richard Wagner (not so daft a piece of casting as one would think), Silvana Mangano as Cossima Liszt-Von Bulow-Wagner, John Moulder-Brown as Ludwig's mad brother Otto, and Miss Schneider as Elisabeth of Austria.

Miss Schneider shares some moments of uneasy would-be romance with Ludwig to the accompaniment of strained strains from *Tristan and Isolde*. (Theme tune elsewhere is *Tannhauser's* "O du, mein holder Abendstern.") But everyone knows that Ludwig was really keener on the boys, and scenes of silent yearning with a servant in a firelit hunting lodge or watching a midnight bather in a lake link this film indissolubly to *Death in Venice*. The whole movie indeed is informed by a sense of closet desires: sometimes released, sometimes not, never quite happy even in their fulfilment. It is not Visconti's greatest film, but it is one of his most personal, powerful and deeply fascinating.

Entertainment Guide appears on Page 12

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Winner of the Compliments-One-Would-Rather-Not-Receive award: "I fell for her immediately. Her eyes reminded me of my dog Snooch." I am not quoting exactly, and the dog may sue me for misnaming it, but the gist is there of the funniest line — spoken by a young Lesbian in *Word Is Out*. This humane and admirable documentary was made by the Mariposa Film Collective, based in San Francisco, and is a two-hour anthology of interviews with gay men and women. The 26 homosexuals who recount their life-stories for us range from a plump Lesbian comedienne to a gay San Francisco politician to a 70-year-old male couple living happily ever after in rural New Mexico. Without preaching at us, the film suggests that gay people have as much right to happiness as heterosexuals, and pinpoints a few ways in which society could help them find it.

*

Famous Last Words award: "It's all so lovely. I never dreamed that our exile could be so romantic." No sooner has Brit Ekland, as the Swedish wife of a German self-exiled to Africa after killing a man in a duel (the year is 1884), spoken these words than all Hell erupts around her.

The film is *Slavers* and if you cannot look with equanimity on the idea of Trevor Howard as Richard Wagner, try savouring him here as a British expatriate who has apparently bought up most of Africa and enjoys a prolonged feud with Arab slaver Ray Milland, who spends social afternoons with influential white ladies shooting negroes for sport. Caught in the civil turmoil are Ron (Tarzan) Ely as Howard's long-lost nephew, Miss Ekland, who quickly loses her husband in a boat accident and as quickly replaces him with Mr. Ely, and Cameron Mitchell as a snarling slave-owner. It is all ridiculous and ridiculously enjoyable, and Jurgen Goslar deserves some kind of triple laurel for having produced the film, directed it and played Miss Ekland's ill-fated husband.

*

Isabelle Adjani, the rising French star who displayed so few signs of animation in *Driver*, makes up for her marmoreal Hollywood debut with a lively performance in the French film *Violette et Francois*. This is better than the average fare served up by the Gala Royal, although still no masterpiece. The kooky adventures of two mutually enamoured shoplifters zig-zag agreeably between comedy, suspence and "drama," and Mlle. Adjani, letting her hair down for the first time since Polanski's *The Tenant*, gives a skittishly brilliant performance. Elastic wonders happen to that long, pale, pre-Raphaelite face when she turns on the emotions—laughter or tears—and she trills and flails through the film as if auditioning to play France's answer to Shirley MacLaine. It's an enchanting performance that deserves a better, stronger vehicle.

*

Claude Chabrol's Canadian-made *Blood Relatives* has one redeeming merit only: the rangy, sombre performance of Donald Sutherland as a New York detective trying to solve a nasty mutilation-and-murder case. Elsewhere Chabrol's direction of this Ed McBain thriller looks like beginner's work. The unimaginative *mise-en-scene* is compounded by ghastly dubbing (Stephane Audran speaks what seems to be fishwife Brooklynese), and by much ketchup and overacting during the scenes of violence. David Hemmings, Donald Pleasence and Micheline Lanctôt also star.

*

Finally, for children and Disney addicts only, *Pete's Dragon*. That never-too-happy technique of mixing animation and live characters is used here in a tale about a boy and his pet dragon and the consternation they cause in a quaint fishing village called Passamaquoddy. Helen Reddy, Mickey Rooney, Jim Dale and Shelley Winters are among the stars, but their combined acting and singing talents are powerless to redeem a story long on whimsy and short on wit.

Coaches arrive at the resort of Bad Ischl in Visconti's 'Ludwig'

Festival Hall/Radio 3

Rozhdestvensky

by MAX LOPPERT

Gennadi Rozhdestvensky's first Festival Hall concert as chief conductor of the BBC Symphony Orchestra on Wednesday was a brilliant affair. The orchestra's response to his masterly communicative powers is already appreciable; it has sloughed off the tired, lacklustre form of recent months, and is already—on the evidence of the two roof-raising Prokofiev works in the programme, and of the Elgar Second Symphony, which closed it—on the way to becoming a virtuoso ensemble of the best and most musical kind.

And thank heavens for the BBC! In these cheeseparing orchestral days on South Bank, from what other source could we expect a programme with two Prokofiev rarities, one for an outsize orchestra and one for a bizarrely composed one, on the same bill? The problem of setting up the *Ode to the end of war* with its collection of double basses, eight harps, four pianos, percussion, and three each of saxophones and tubas as specialities in a large complement of brass and wind) after a performance of the Second Symphony necessitated a 20-minute interval after each work. Though the concert was long, it was richly rewarding.

The Second Symphony is a product of Prokofiev's Paris days, one of his massively grinding Futurist compositions — a structure of "iron and steel" was his expressed intention. It was a shock at the time; but now that the shock-value of the composer's vast forces grunting and heaving with baleful, nightmarish energy has lessened (if not completely disappeared), one can, as it were, hear the music behind the manner. I find the symphony a less satisfactory whole than the later Third (based on *The Fiery Angel*): the fascination of the orchestral turbulence sometimes fails to conceal a prosaic, note-spinning quality to the invention — this is particularly noticeable in the middle variations of the second movement. Nevertheless, it is a work that stirs and provokes the imagination, especially in so cunningly controlled and glowingly played a reading.

The orchestral *Ode*, written in a spirit of national celebration, is at once a much greater curiosity and a much lesser piece: its neglect is not surprising. The experiments with bright, cutting, scintillating timbres carry a certain degree of fascination, until one begins to realise that the big, demotic tune disgorged by the clinking and chinking is a banal thing beside the best of *Alexander Nevsky* and *War and Peace*. It lends the whole enterprise an air of specious grandiosity.

Not the least interesting feature of the concert was the performance of the Elgar symphony. The feeling of a distinctly equivocal Elgarian, that he had never before enjoyed the work so much, could perhaps be taken down in evidence against the performance: for much of it sounded ravishingly beautiful, in a flowingly Chaikovskian manner —the best Russian *cantabile* style of Chaikovsky, that is—that placed greater emphasis on the lyrical character of the themes than on their capacity for symphonic development (doubtful in any case, in my view). What is unarguable is that Rozhdestvensky possesses, at the end of those simian arms, two of the wittiest, most precise, most expressive hands of any conductor before the public; and that his installation at the BBC is the very best thing to have happened to the London orchestral scene in a long time.

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A brief word of welcome for the veteran French organist Jean Langlais, who, as a prelude to his series of full-length organ recitals at St. Paul's last night and for the next few Thursdays, joined the Festival Hall early-evening recital roster on Wednesday. The programme of Couperin (Louis and François) and Daquin, all three played with the commanding dignity and spaciousness of utterance that is a hallmark of the French organ tradition (and for which some early slips of execution were of small account).

The blind organist then played four of his own compositions, of which the *Visions prophétiques* were particularly notable for their portentously piled harmonies — Frank Martin asperity crossed with Messiaenic fervour. At the end, another greatly distinguished French organist present in the audience, Andre Marchal, provided his former pupil with a theme for improvisation. A purist might object that Mr. Langlais used the theme more for colouristic than for contrapuntal ends; but it was a remarkable demonstration.

BBC music commissions

The BBC is continuing its programme of commissioning new compositions, and its plans for this autumn, for the BBC Symphony Orchestra include many such works. In its Festival Hall concert on November 8, Witold Lutoslawski will conduct the British premiere of his *Les espaces du sommeil*; on December 3 there will be world premieres of two works by Webern; and on December 10 the BBC's new chief conductor, Gennadi Rozhdestvensky, will present *Cantus to the memory of Benjamin Britten* by his fellow Russian, Arvo Part.

On March 21, 1979, there will be the British premiere of Elliott Carter's *Symphony of Three Orchestras* and on April 4 Rozhdestvensky will introduce to the UK the overture *Columbus* by Shostakovich.

This season the BBC will not be holding concerts at the Round House but instead there will be six concerts at the London School of Music featuring modern works. The Monday lunchtime concerts at St. John's, Smith Square, will concentrate on works by Bartok and some of the rarer Haydn quartets.

Elizabeth Hall

Israel in Egypt

by NICHOLAS KENYON

At the end of Part One of Handel's *Israel in Egypt*, the listener is apt to feel like an Egyptian on whom the Red Sea has just rebounded. He has been engulfed by wave after wave of massive choral sound: eight continuous numbers, with not a moment's respite; the effect is usually overwhelming, and about as varied as a succession of crashing waves.

John Eliot Gardiner, directing his Monteverdi Choir and Orchestra on Wednesday, managed to turn this into a compelling, splendidly-paced sequence. He made the choruses continuous, moving straight from the torrent of hailstones through the pall of darkness to the smiting of the first-born. He characterised each boldly, and made them work towards the fury of "But the waters" (with pounding drums) and through that to the massive solemn chords of "And Israel saw that great work."

The tight-knit choral texture, which had threatened to sound desiccated (and rather cathedral-ish, with its male altos) proved an ideally efficient instrument for Gardiner's ideas. They reflected his endless and invigorating rhythmic energy better than his subdued fervour: the final affirmations of Part Two were razor-sharp, brilliantly lit, while the quieter choruses were uneasily slow, emotionally withdrawn. Perhaps some insecurity in the orchestra, which was not throughout on the level of sophistication we have come to expect from this group, detracted from the effect. The choice of assorted choral singers as soloists certainly did — however good for morale and for the encouragement of young talent, this procedure made Part Two sound uncomfortably like a school speech-day concert, emphasising the diffuseness and lack of inspiration in this section of the work.

A pity, because Gardiner otherwise steered a successful course between a small-scale performance which might well have lacked grandeur, and those huge traditional accounts of this ever-popular work which used to announce proudly that the duet "The Lord is a man of war" would be sung by 400 tenors and basses. Those were the days...

Leonard Burt

Jane Lapotaire and Zoë Wanamaker

The Other Place, Stratford-Upon-Avon

Piaf

by MICHAEL COVENEY

There seems to be a glorious incongruity to the Royal Shakespeare Company performing a short-hand biography of Edith Piaf in their Stratford studio. But Pam Gems's fast and snappy account of an indomitable feminine spirit proves an irresistible show-case for a spring-heeled company and, especially, a devastating performance by Jane Lapotaire.

Miss Lapotaire embodies a quality of bright-eyed effervescence and forthright sexuality, while Miss Gems supplies unerringly appropriate dialogue to see her through a succession of snapshot encounters with lovers, agents and colleagues.

Showbiz biography is a dangerous game in the theatre, but here the actual narrative, with its ascent from the gutter to stardom and drug-infested decline never omits to emphasise the strong spiritual consistency of the heroine throughout.

In an ideal studio setting, with ribbons of red neon light decorating a bare platform, and actors quick-changing in full view behind a lively duet of piano and accordion, Howard Davies's Brechtian production leaves the audience to flesh out the bare but not so brittle bones. The songs, too, play their part. "La Ville Inconnue," for instance, is neatly slotted in after a quick tour of the Parisian underworld and a suggestion that Piaf's criminal connections were a useful springboard to her career.

Miss Gems has studied the Cockney vernacular, so there is a nice double ring to the nickname. And there emerges a strong sense of Piaf's individuality as an expression of class pride and a spur to her contempt for both the popular music industry and the inevitable hangers-on.

The company is in fine fettle, with excellent support work from Zoë Wanamaker as Piaf's prostitute buddy, Ian Charleson as her manager, Anthony Higgins as a hapless Italian pressed into service on stage and off, and Malcolm Storry popping up all over the place with almost doleful regularity.

Miss Lapotaire sings beautifully, like a spreadeagled sacrificial sparrow, and there is a wonderful company encore with "Les Trois Cloches."

National Gallery staff art exhibition

A display of art by National Gallery staff, will be on view to the public in the Boardroom of the National Gallery from tomorrow to Sunday October 29.

This is the third public exhibition of paintings, drawings and sculpture by people who work at the gallery, and includes contributions from the warders, office staff and conservation and publications departments. It is being organised by Francis Hill, Head of Security at the National Gallery.

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Two special cases

THE TWO apparently massive pay claims announced to-day by the miners and the engineers *are both in their way special* cases. Both are much larger in percentage terms than their net effect on earnings need be, even in the unlikely event that they were granted. Both raise points of principle in pay determination which are not properly covered either in the present approach, based on universal norms, nor in the alternative Conservative proposals to rely entirely on cash limits and monetary policy.

Fantasy

The large claim lodged as an annual routine by the engineers always contains an element of fantasy, because it has only an indirect link with the rates actually paid in engineering concerns. The national rate is in fact only a starting point for bargaining in individual companies, *though it has a greater* effect on premium earnings for overtime and shift work. The engineering unions have been trying, so far with little success, to get a realistic national rate, and so increase the significance of the national negotiation.

The engineers are in this respect pulling in exactly the opposite direction to the transport workers, whose definition of responsible bargaining is to base claims on the ability of the individual employer to pay within the constraints of relatively stable prices (a discipline enforced in the private sector by monetary policy via the exchange rate and foreign competition). The piecemeal, workplace approach is thus more consistent with the Conservative outlook on incomes than with any Government wages policy.

However, there is something to be said in favour of the engineers' effort to campaign for a national rate for the job, especially where this allows some room for regional differentials reflecting the varying cost of housing. First, the piecemeal approach has never lasted for long before it provokes a round of disputes based on claims for comparability. A good deal of the agony of British Leyland can be traced to this cause.

Secondly, and perhaps more important in the long run, the experience of other countries shows that where highly centralised bargaining is the rule—as for example in Scandinavia and parts of German industry—it is easier to make it rational in economic terms. An intelligent approach by the unions has long proved the most effective way of securing rational settlements, and this is clearly the thought behind the CBI's calls for a removal of the *bargaining round. Only centra*lised bargaining gives the TUC the sort of influence needed to achieve rationality.

The miners are a special case in a quite different sense. Their claim, which looks enormous, would raise basic pay not much above what is now achieved with the aid of production bonuses. In a weaker market, this leaves room for much bargaining. Their monopoly power was demonstrated in 1974, when coal was in urgent demand, and the rise in oil prices provided them with large headroom in competitive terms. Their success at that time made them into the shock troops of militancy, and although their market power is now *largely eroded*, they can still exploit their ability to cause disruption.

Their product is now subsidised, and their industry is being maintained for strategic reasons, so that they are now more in the position of health service workers or local government officials, whose view of their own worth has nothing at all to do with the public spending White Paper or the cash limits imposed on their service as a whole. In effect they are saying that those who have the power to impose cash limits have the power to alter them, and are willing to engage in a power struggle. It is for this reason that the Treasury, though it has proved that cash limits are a highly effective means of expenditure control has never had any faith in them as a limit on pay bargaining.

Reminder

These two claims, then, are a useful reminder of the real problems of rational pay determination. The miners remind us that no formula, either of norms or of general economic approach can get round the fact that pay determination has become a *partly political process*, concerned with power, and perhaps with the privileges of organised labour.

The fact that Mrs. Castle and Mr. Heath successively tried and failed to solve this problem does not mean that we can *simply forget about it*. The engineers in turn remind us that any approach to a solution must also be concerned with the form of the bargaining round and the level at which it is conducted. We have a bad system of settling pay, and it will take more than slogans to put it right.

Tinkering with local rates

IT IS NOT surprising that the Conservative Party's policy-makers should have been attracted to *the idea of intro*ducing an income-tax allowance for household ratepayers. The proposal would have considerable political appeal both in itself and as a way of easing the party off the hook of Mrs. Thatcher's pledge to abolish domestic rates. Four years of searching has failed to reveal any practical alternative source of local revenue, a fact which ought to have been obvious at the outset; and the prospect of replacing domestic rates entirely with government grants *would both radically transform* the relationship between central and local government and severely impede a Conservative Government's ability to reduce the burden of direct taxation.

Main attraction

Fortunately, a tax allowance for rates has not yet been adopted as official party policy. Mr. Michael Alison, the Conservative front bench spokesman on Environment, was simply engaged in kite-flying yesterday. He felt the main attraction of such a scheme would be in *mitigating the feeling that the* rating system is unfair and in making it explicit that more of the burden of local government spending was being shifted from ratepayers to non-ratepayers.

It is true that a system of fixed tax allowances worth the *same in cash terms for every* ratepayer liable to income-tax, coupled with a re-jigging of tax thresholds and rate rebates to avoid creating a poverty gap for poorer ratepaying householders, would be less regressive than the present domestic ratepayers' *subsidy*. But broadly the same result could be achieved, at less administrative trouble, by increasing the rate support grant. Because of rate rebates and supplementary benefit, the rating system is not unprogressive as it is. In any case, the important consideration is the progressivity of taxation as a whole and not just one part—such as property rates.

Re-distributing the present domestic rates grant, which gives most benefit to the occupiers of the higher-valued properties, by a system of fixed income tax allowances would sharply change the incidence of rates as between individual ratepayers. To ward off the inevitable outcry, the tax allowance scheme would have to be pitched at a sufficiently high level to confer some net benefit on the majority of ratepayers and this would be expensive. Under the scheme outlined by *Mr. Alison yesterday, all but the* top 3-4 per cent. of domestic ratepayers would gain some advantage at a cost to the Exchequer of some £750m a year (at 1977-78 prices).

The balance between direct and indirect taxation would thus be shifted a further notch or two the wrong way; the accountability of local government would be further eroded; the share of net local spending financed by the taxpayer would be raised from 61 per cent to 67 per cent with obvious implications for local autonomy *vis-a-vis* central control.

As it is, householders are receiving in subsidies and mortgage tax relief about one and a half times the amount they are paying in domestic rates.

All in all, a system of tax allowances for rates would appear to be something of a *political gimmick* which would contribute nothing to resolving the basic problems of evolving an effective and efficient local-central government relationship and putting the rating system on a satisfactory footing. This last point would be met by *replacing the present rental value* basis of valuation, which is on the point of breaking down for lack of evidence of market rentals, by a system of capital valuation as in other countries where the majority of householders own their homes.

The Shah struggling to retain his grip

By ANDREW WHITLEY, Tehran Correspondent

THE MOST OPTIMISTIC assessment, a senior *diplomat said*, "*is that the* Shah is in a carefully controlled slide downhill, until he reaches a new level which he can maintain." But while the western powers are hoping against hope that that level will be established by next summer's general elections and the establishment of a New Look Iran, in which the Shah rules a little less and the parliament comes into its own, outside in the streets the shouting grows louder: "Where has the oil money gone?—Death to the traitor Shah"; and "death or Khomeini"—the monarch's most implacable opponent.

After 14 years of stifling dullness, in which the people was spoon-fed larger and larger gobbets of material wealth to preserve its docility and create a stable base for the Pahlavi dynasty, the dam has burst. The momentum of events is gathering, and the question is whether the Shah is really controlling that slide, or whether the situation is getting out of his control.

Strikes, once almost unheard of, have brought government business to a standstill. Transport, health, postal and telecommunications services have been disrupted. Key sectors of the economy, including oil, copper and steel, are suffering. The motives are essentially economic, even though *the timing* is due to the political uncertainties. The sense of grievance is one of injustice done towards the long suffering public sector, supposedly the backbone of the Shah's system.

The wildfire of strikes owes much to the climate of individual protest and dissent that pervades so much of the country. Undoubtedly there is an element of political scheming behind the troubles, but it is probably no more than a poker prodding the fire, rather than a bellows to fan the flames. Open strikes are such a novelty in Iran, that the disorganised workers in the electricity undertakig and on the railroads have caused far less disruption than they could have done.

But the atmosphere of crisis *this week emanates from* a combination of forces. With a minimum of prompting from activists, teachers and schoolchildren in many parts of the country stopped work to join those on the streets already calling for the return from exile *of Ayatollah Khomeini*, the Shah's chief religious opponent. There were marches and demonstrations, clashes with security forces not prepared to tolerate the slogans and the prospect of an all-engulfing tidal wave—no matter what the Shah had said *in the parliament last Friday* about the importance of different views and his determination to persist with his liberalisation programme—and there was the bloodshed to heighten passions.

The threshold at which the average bemused citizen becomes inured to daily violence *has been raised dramatically*. A death toll of at least 30 in the past fortnight has been accepted with little surprise. Since the street violence against the Shah began, almost exactly a year ago, at a conservative estimate 1,200 people have died as a re*sult of political agitation.*

"The strongest aspect of the new Government," one Ambassador told me, "is its sense of realism. It is aware of the size of the task ahead, and the difficulties that lie in its way." The first of these *difficulties* is *how* to *gain* credibility. Few people believe that the 68-year-old Premier, Mr. Jaafar Sharif-Emami, a former failed "grand vezir" of the Shah's and very much a member of the royal establishment, is his own master.

Most people would agree that Mr. Sharif-Emami is trying hard to convince a deeply cynical public that his Government of National Reconciliation is precisely that. The innovation of *live broadcasting* of stormy debates in the Majlis, the lower house of parliament, attracted widespread attention. An amnesty has been offered to all exiles wanting to return (so long as they accept the Shah's position); and a whole bundle of concessions has been promised to deal with every conceivable cause of social discontent in recent years.

Martial Law

The aim is buy time, to get a breathing space in which the violence might abate and the ground be laid for an orderly general election campaign, starting in the spring. By choosing the middle path of guidance towards "full democracy" sometime in the future, the promise that the Shah holds out, he, and Mr. Sharif-Emami with him, are taking a big gamble. A crucial need for it to succeed is an end to the violence. To that extent, the odds have worsened in the past few weeks. Nevertheless, with the backing and encouragement of the U.S. and Britain, the Shah has so far resisted the hard line military option open to him in dealing with the unrest.

The imposition of martial law in 12 cities, including Tehran, five weeks ago, came about because the generals had voiced their unease to the Shah for the first time in many years. But it was a half-measure which proved in retrospect to have solved nothing, apart from temporarily halting the opposition bandwagon through its initial shock effect. Significantly, the recent revival of street demonstrations and rioting in over 20 different towns has not led to the extension of army rule.

But while Mr. Sharif-Emami might have won that battle to prove his sincerity and authority, Wednesday's unilateral action by the martial law authorities in attempting to force full censorship on the local press—in flat contradiction to everything the prime minister had been saying—exposed the differences and the Premier's vulnerability.

For all the genuineness of the Shah's determination to arrive at a more open political system, so as to spread the risk inherent in any system of absolute rule and to get the masses involved, very few Iranians believe that either he or his Prime Minister are guided much by democratic motives.

U.S. and British support for the Shah is probably essential in terms of the psychology of Iranians. "If that support were seen to be withdrawn" a European diplomat commented, "the game would be up for the Shah."

Although the Shah has shifted his political fulcrum at home, to accommodate the demands of the powerful Muslim clergy, externally there has been no change to worry the western powers. Oil exports have been unaffected by the troubles, even by the strike in the oilfields. Nor did last month's breakdown of the talks on a new long term agreement between Iran and the BP-led western consortium, which produces most of the country's crude, have any adverse consequences.

It must be a source of considerable, bitter irony for the Shah that for all the great increase of living *standards* that has taken place in the past decade, he cannot rely on the solid support of *any social group*, apart from the armed forces. Inflation, corruption and a widening gap between the ostentatious wealthy and the relatively poor have taken their toll.

The army has remained overwhelmingly loyal in its difficult *task, as one would expect from* a professional caste of officers who owe everything to the two Pahlavi monarchs. But those looking for signs of dissent worry that as the months under martial law go by and no end comes in sight to the agitation, *strains might appear in the* middle ranks of the officer corps. Some professional discontent is known to exist, and there is a danger that it might develop into political dissent.

A much bigger question mark hangs over the 200,000 odd con*scripts doing their military* service. Most worrying for the generals were the open appeals to desert from Ayatollah Khomeini and from the demonstrators the soldiers were trying to control.

Oil liftings are increasing *steadily* as the major companies stock up in anticipation of an OPEC price increase at the end of the year. Iran has in fact done rather better than its neighbours this year in coping with the glut of oil in world markets. The problems will appear in 1979 with the ebb-tide of demand from the companies as a whole, and the continuing absence of any long-term commitment to fixed liftings from the consortium.

A series of financial time-bombs could then possibly explode simultaneously. First, the political uncertainties mean that Iran's credit rating for syndicated loans has inevitably been inching downwards. Money will of course still be available, but the lack of enthusiasm of many foreign banks for getting involved in recent medium term loans to Iran does not augur well.

Second, to cope with the demands of a tight money policy at home, to bring inflation down, Iran has drawn heavily on its foreign exchange reserves this year. From approximately $11bn at the start of 1978 they were down to $6.8bn two weeks ago. They may have to be drawn on further, to pay for the heavy salary increases being awarded to all public sector employees.

One local estimate was that meeting the strikers' demands could cost as much as $4.2bn over three years. To make matters worse, Government revenues from income taxation have just been reduced, as part of the concessions to the lower paid. The Government will probably not be able to turn to the banks for extra funds as the straitjacket there is about as tight as it can go without forcing the system into difficulties. Foreign exchange controls have not been imposed, despite the panic outflow of large sums of money last month.

But each extra wave of disturbances pushes more people into taking the decision to go abroad semi permanently. Cuts will have to be made to what used to be the sacred cows of the Shah's rendition—defence and nuclear power—though as many projects as possible will be deferred.

The Government's attitude towards the economy *is said to* be to leave it to its own devices for the moment, and concentrate on sorting out the political problems. But foreign bankers are becoming increasingly concerned about what they say is mere drift. The Amouzegar Government had already slowed the economy down so much that there are virtually no major new projects in sight, and that process has continued. The long-awaited sixth five-year plan has disappeared from view.

"It can keep going on the oil money for four, five, even six months," one senior banker commented. "But then what?" It is a question that nobody appears prepared to answer at the moment. Until the disturbances reached a national scale, the economy was picking up from the recession of 1976 and 1977. Investment was said to be improving, housing starts were up. But in the past few months all the calculations have been thrown awry. Foreign and local businessmen alike are waiting to see what tomorrow brings.

The mood of the country today is a reaction to the "growth at all costs" philosophy of the era of Amir Abbas Hoveyda, Prime Minister in the mid-1970s, and the corruption, extravagance and waste it brought in its wake. Trials are promised of the hundreds of *officials accused of mismanage*ment or abuse of office during that period. But the problem is that it was the Shah himself who was the leading advocate of what was to prove a disastrous policy. It was he who in July, 1974, overruled many advisers and ordered a doubling of the fifth plan spending targets.

Beginning his liberalisation programme 18 months ago he seriously misjudged the strength of his own position and the extent of social alienation that had taken place. The core of the opposition to his regime is, in fact, a nationalist one from those who dislike the fact that he had surrounded himself with western advisers and members of the heretical Bahai sect of Islam. The symbol of everything the *Muslim* clergy, the mullahs, opposed about Pahlavi Iran was Kish Island, the Shah's luxury holiday home in the Gulf. Last winter, just as the religious opposition movement was gathering steam, Kish opened as an exclusive resort, run almost entirely by foreigners. To the zealot it represented western-worship, moral decadance, corruption, and vulgar ostentation.

With the chickens coming home to roost, the Shah is rapidly backtracking trying to find a new centre to base himself on. Some observers fear it may be too late. The Shah was badly shaken by the extent of the hostility to him shown last month in the demonstrations in Tehran, but those who have seen him recently say that he has regained his confidence and shows no sign of giving in.

Ayatollah Khomeini's name is heard everywhere, as a symbol of opposition as much as from any desire to return to traditional Islamic ways, but the Shah continues to speak of national unity under himself as the only way to achieve democratic freedom. The play has entered its later stages, but as yet no one can tell what the final act wil ibring.

Crowds demonstrating in the Tehran streets carry aloft a portrait of Ayatollah Khomeini, chief religious opponent of the Shah

MEN AND MATTERS

The problems of privilege

Aims of Industry and the National Association for Freedom were delighted yesterday with their early victory in the Renée Short case. Last night, after pressure from both organisations, the BBC broadcast their statement that they had "consistently opposed racialism and fascism."

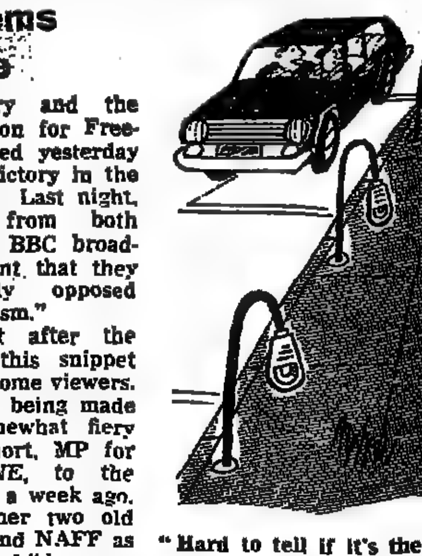
Coming straight after the Tory conference this snippet may have puzzled some viewers. The reason for its being made at all was a somewhat fiery speech of Mrs. Short, MP for *Wolverhampton NE*, to the Labour conference a week ago. She referred to her two old adversaries Aims and NAFF as "fascist groups" and "hangers-on of the National Front." And since the conference was being broadcast live, the BBC received a solicitor's letter, as did Mrs. Short.

I put it to Aims that there was little broadcasters could do to prevent defamation of this type. "You might well argue it's an invidious position, but from our point of view it doesn't absolve the BBC of its responsibilities," was the official line.

The BBC was strangely coy about the debacle, refusing to divulge whether it was the first such problem. But the corporation appears to think that a party conference, being a public meeting, attracts qualified privilege for publishers and broadcasters. By agreeing to issue the counter-statement, it feels it has fulfilled its legal obligations.

In fact live broadcasting of conferences may be more dangerous than usually thought. Specialists in libel law tell me *a public meeting* is just that, public. However, none of the party conferences is public in the sense of being open to the uninvited.

There is no special protection for the live broadcaster, or for the speakers, unless everyone speaks the truth all the time, and can prove it. In the case of party political conferences this might present problems.



"Hard to tell if it's the beat or the wardens . . ."

Foreign Toryism

It is usually the Left which campaigns under the banner of internationalism but this year the Tories have decided that they too should pay more heed to brother parties abroad. "It is epoch making. We have consented to recognise foreigners," I was told at the party's International Office. The occasion was what the party says is the *first speech ever made by a* foreigner to its conference.

The historic moment yesterday afternoon was, however, missed by many in the post-prandial atmosphere. Professor Freitas Do Amaral, president of Portugal's CDS (Centre Democratic Social Party) spoke on behalf of the 13 West European parties which had accepted to join in the Conservatives' festivities. And warming to a theme song for many of these parties he talked of "the crisis in the fight against encroaching collectivism, creeping socialism and communism."

The Tories explain that their *interest in Western Europe* arises from the increasing attention they now give to the European parliament. But foreign involvement spreads well beyond the Nine. Diplomats of 67 countries accepted invitations this year, from countries of all blocs and sizes. Some are sending their heads of mission. But Cuba is being represented by a more humble second secretary—which would seem something of a snub were not this true of France too.

High time

Since the decision to move the Motor Show to Birmingham, Lucas and GKN with their roots firmly in the Midlands, have been vying with each other to boost the event.

Apart from putting on a fire*work display*, and promoting a stage show, water skiing displays and parachute drops, Lucas will provide 6,000 chrysanthemums to spell out a welcome to visitors this year. It has also spent £200,000 on a new Press centre at the National Exhibition Centre.

The present often jovial rivalry reaches a peak next week when the new Press centre is to be opened and GKN's chairman, Sir Barrie Heath, commissions his group's permanent contribution, a 100 ft-high clock claimed to be *the biggest digital clock in* Europe.

But yesterday Lucas men were gloating over the way the clock was telling a different time on each of its four faces.

City camp

The gentle waft of cooking seduced me to the steps of the Royal Exchange yesterday. Gone were the pigeons and hidden were the paving stones. Instead the scene was one of turf, gas fires and the tents of 48 cub scouts. In teams of six the bare-knees brigade was bustling about trying to become "Mr. Spud's Scouting Cooks of the Year."

All was roasting away nicely until a gas cooker exploded on the pitch of Sixth Glasgow Woodland's cubs. But undaunted the 8-10 year olds swooped down on the burning grass, putting out the flames long before five City firemen had come screaming alongside, hatchets at the ready.

One of the guests turned out to be Rodney Galpin, chief of establishment at the Bank of England. He was eating with four kilted scouts. And the rest of *that Scottish team?* As a reward for serving Galpin and their colleagues they were being treated to lunch—at the Bank of England canteen.

Flying high

Those were the days! In 1927 when stockbrokers entertained their staff they gave them nine-course dinners, or so the history of Sheppards and Chase describes of its own case. That was the year of the centenary of the firm, which may partially explain such expansiveness, but there certainly seemed to have been the funds to pay for the odd banquet. In 1880, for instance, senior partner Samuel Gurney Sheppard drew no less than £28,000 from the firm: income tax was then 5d in the pound.

But things were not always so quiet. For the years 1891-93 SGS had to forego any drawings. Later, in the 1930s hard times led to the hard sell and one of the later partners in the firm describes how he took up the investment manager of Eagle Star for a joy ride in an aeroplane. The manager reputedly increased the business he gave. He had no wish ever to be courted in such manner again.

Observer

POLITICS TODAY FROM BRIGHTON

[Two parties, but a common mood

Mr. Callaghan and Mr. Heath: "the two men, nowadays, even think alike"

[HE]RE IS less difference be[twe]en the Conservative Party [con]ference in Brighton this [wee]k and the Labour Party [gath]ering in Blackpool a few [week]s ago than meets the eye.

[T]rue, you would not easily [mist]ake the people or the pro[ced]ures. In Blackpool there was [scar]cely a dinner jacket in sight. [In B]righton the black tie is not extinct. And the con[fere]nces are run in quite [diffe]rent ways. For the Tories, [eve]n the raising of a point of [orde]r, let alone the acceptance [of a]n amendment, is still some[thin]g of a rarity. Their con[fere]nce has seldom threatened [to g]et out of control, though [the] fact that it has done so at [all, a]s it did in the debate on [Rho]desia—is a sign that there [are] almost as many varieties of [Tori]es as there are of Socialists.

[Al]l that, however, is super[ficia]l. What is really striking [is th]at the two conferences have [been] talking about the same [subj]ects and often even from [the] same background. Beneath [the] rhetoric, and leaving the [extre]mists aside, there is a com[mon] sense of concern that [Briti]sh affairs over the years [have] gone badly wrong and [at] a common fear about the [cons]equences of failure in the [futu]re.

[Sp]eaker after speaker this [week] has drawn attention to the [Briti]sh decline. The emphasis is [no lo]nger on the traditional Bri[tish] values and virtues but on [what] have become the tradi[tiona]l British weaknesses—low [grow]th and low output. Sir [Geoff]rey Howe did it, for ex[ampl]e, by reciting a string of [statis]tics about British car and [steel] production compared to [those] of our main industrial [com]petitors. Mr. Edward Heath [went] further and spoke of the [new] industrial competition com-ing from some of the develop-ing countries.

Sir Ian Gilmour, at a fringe meeting, referred to the effect on morale. "Anyone in politics," he said, "knows that there is in this country to-day a mood of most profound disillusionment. Our people don't like what has happened to their country in recent years. This disillusion-ment runs very deep, and it em-braces all politicians and all political parties." The same words could easily have been uttered in Backpool last week. They are a reminder of the underlying sense of pessimism that is far more deeply felt than the belief that this or that party has the remedy to put things right.

The party leaderships, of course, would disagree, at least in public—though Mrs. Thatcher would do so more than Mr. Callaghan. The message that the Tories would like to see going out from Brighton this week is that the party has found the answer to economic and industrial decline in a return to free enterprise, all wrapped up in the twin slogans "monetar-ism" and "incentives." Yet it is doubtful how far the faithful, let alone some of the party's leading figures, really believe it.

Magic

It is not only that monetarism is an obscure term which one suspects few of the delegates could adequately define. (How after all does one define money?) There are also simpler questions like: If monetarism is such a good idea, how is it that no one thought of it before? Can there really be a magic ingredient that would solve our ills after all this time? More telling are the doubts about how monetarism would work in prac-tice. Would a Tory Government really let a company go bust if its troubles arose from giving way to excessive pay demands? And how far would unemploy-ment be allowed to rise before the policy was put into reverse?

These are questions about will, and they go back to the earlier point about the underly-ing pessimism. There is a feel-ing that monetarism ought to be tried, as indeed it is being tried by Mr. Callaghan and Mr. Healey at the moment. But, the purists apart, there is no great convic-tion that it will work.

Beyond that, there is a ques-tion about what happens if monetarism is tried and fails. What if after two years or so of a Tory Government there is still low growth and high unem-ployment?

If that were the case, the poli-tical pendulum would presum-ably swing back to Labour, almost regardless of what the Labour Party says or does in opposition. Yet is that to go on being the pattern of British politics—a period of Labour interventionism, followed by a Tory dismantling of controls, then a return again to interven-tion? At some stage it must become clear that most of the known remedies for dealing with the British economy have been tried and found wanting. The reaction could be against the political system itself.

All that helps to explain per-haps the role being played by Mr. Heath in Brighton, and by Mr. Callaghan in the Labour Party. Mr. Callaghan is pre-pared to defy the trade union movement if necessary. Mr. Heath is prepared to defy the bulk of the Conservative Party. Both are acting in what they see as the national interest and both are ready to reach over the heads of their natural allies to appeal to the country at large. Indeed there may be some doubt about how far Mr. Heath now regards himself at all as a full member of the pre-sent Conservative Party: he has been heard to refer to it in the presence of fellow Tory MPs as "your party."

Also the two men, nowadays, even think alike. At the Brighton conference proper Mr. Heath defended incomes poli-cies in general. Then he went on television to defend Mr. Callaghan's 5 per cent target in particular. Where they differ, it is mainly on questions of de-gree. For instance, far from ridiculing Mr. Callaghan for his attempts to persuade the leaders of the world's econo-mies to reflate against their will, Mr. Heath rebuked him for not trying harder. It is a moot point whether Mr. Heath would have done better.

The Tories, in any case, find it hard to know what to make of their former leader. They want to be loyal to him, but one suspects that what they really mean is that they want him to be loyal to them. Yet when it appears that he is not, they have sufficient respect to wonder whether he might not just be right. And it is per-fectly clear that Heathism, if not Mr. Heath himself, still has some residual support in the Shadow Cabinet. There is no other way to explain the speech by Mr. James Prior in the em-ployment debate on Monday.

Mr. Prior is a low key speaker even at his best. He also believes that the Tories should say nothing which would rule out a return to a statutory in-comes policy, however tempo-rary. This time he put loyalty to Mrs. Thatcher first and was even more low-key than usual. But the farthest he could bring himself to go in support of monetarism was to say "Cer-tainly a rigid pay policy, statu-tory or imposed, is not the answer. Certainly after three years, the time has come for greater flexibility." The em-phasis in that first sentence is on "rigid" and the only possible interpretation is that Mr Prior still believes in incomes policy, but was not prepared to make a fight of it at the party confer-ence.

Embarrassing

None of that, however, should obscure the fact that it is the monetarists who have enhanced their reputation this week. Mrs. Thatcher more than ever now faces an embarrassing choice for the post of Chancellor of the Exchequer, should victory be achieved: Sir Geoffrey Howe or Sir Keith Joseph. Sir Geoffrey, in particular, emerged with his standing improved. For the first time he received a standing ovation, partly because of the manner in which he re-plied to Mr. Heath. He was also praised for his perform-ance as well as his content. Moreover, he has dropped his idea of the Government setting some sort of norm for pay in-creases in the public sector as written into *The Right Approach to the Economy*. Mrs. Thatcher never liked that, and she has prevailed. It would be quite hard now not to make Sir Geoffrey Chancellor.

On the other hand, Sir Keith also sparkled. Messiah as well as monk, there can be no mis-taking his role in the origins of Thatcher Toryism. He is at present a commanding figure. If he has to defer to Sir Geoffrey's claims to the Treasury, he will be at least the Cabinet's resident philosopher.

Yet, the economic debates apart, there are areas where the Tories' long absence from office is beginning to tell. Even the discussions of monetarism were conducted without the slightest reference to the proposed Euro-pean monetary system, which is relevant not only to the domes-tic economy but also to foreign policy. And if the party's Euro-peanism has faded, so too has its interest in and experience of the wider world. Almost the only foreign policy subject that has excited this conference has been Rhodesia and, to a lesser degree, South Africa. Even that was discussed without any men-tion of the complex interna-tional negotiations now going on over Namibia.

The party may also have lost one of its potential Foreign Sec-retaries in the course of the week. Mr. John Davies' per-formance in the Rhodesia debate was so obviously at least partly due to ill-health that it would be unfair to dwell on it. Yet it remains true that a man subject to such lapses cannot easily be appointed to high and demand-ing office. It is said that the Tories have so many candidates for the foreign secretaryship that it may not much matter. But with the exception of Mr. Heath, whose assumption of the office is really most unlikely, one doubts whether any of them have Mr. Davies' ability at his best to consider economic, poli-tical and strategic issues all at the same time.

Rapport

There are gaps, too, in agri-culture and defence. The Tories' basic approach to agriculture and fisheries nowadays is grudg-ingly to admire Mr. John Silkin, for whose post they have no obvious replacement, except perhaps Lord Soames. On de-fence, the gut reaction is to cry for more without saying how more means better or how extra resources should be allocated. There is almost no discussion of Britain's role in the European end of NATO, nor of Europe's role in NATO as a whole. Very little is being said or done either about the successor to Polaris, a decision which cannot easily be delayed beyond the next government. Sir Ian Gilmour, the Shadow Defence Secretary, should perhaps be exempted from these charges, though his rapport either with Mrs. Thatcher or with the party con-ference is not obvious.

And yet in one rather surpris-ing and little noticed way the Tories have made some pro-gress: they are becoming the party of constitutional reform. The fringe meetings on this issue were as well, if not better attended, than any, whereas only a few years ago they would have scarcely taken place at all. It was also with Mrs. Thatcher's blessing that Mr Francis Pym, now clearly the leading can-didate for the succession, made his promise that a Tory Govern-ment would take action to strengthen the House of Commons all-party Select Com-mittees within its first year of office. One way of seeing that is as an attempt to reinforce Parliamentary democracy just in case the criticisms of govern-ment economic failings turn into criticisms of the political system itself. The moves to-wards reform of Parliament could well be the most important development of all.

Malcolm Rutherford

Letters to the Editor

[S]cope for [e]conomies

[From] Mr. G. James

[Sir],—There has been much [comm]ent about the Commons [Com]mittee on public expendi[ture] chaired by Edward du [Cann] and its efforts to monitor [and] control existing disasters [creat]ed by Parliament and State [inter]vention. Laudable as all [this] may be, it has the defect [of] district audit in the [local] authority sphere — namely [matt]ers can only be dealt with [after] they have happened.

[It w]ould be much more worth[while] if Mr. du Cann and his [colle]agues looked at proposed [expe]nditure on new schemes and [decid]ed these if taxpayers' funds [are] being wasted.

[The]re are many examples, but [perha]ps none so wasteful as the [reloc]ation of certain Govern[ment] offices. Mr. Norman [Tebb]itt, MP, and Mr. Roger Sims, [f]or example, raised the ques[tion] of the move of the Govern[ment] Chemists' Laboratory from [Lond]on to Cumbria. This is a [partic]ularly blatant example of [gove]rnment waste scheduled for [1980] or thereabouts, so there is [plent]y of time to stop it if the [Comm]ittee means what it says.

[Th]e facts are, I suppose, [simple]: the employees do not [want] to move; the efficiency of [the l]aboratory will be seriously [impa]ired due to such matters as [diffic]ulties in recruiting and the [send]ing of samples 630 miles [there] and back; and the various [costs of] building, moving, and [admi]nistrative are completely [unqu]antified although specific [ques]tions have been asked in [Parli]ament.

[Sou]rces suggest that the costs [are s]o great and subject to such [a ha]rd fluctuation that Ministers [dare] not reveal them.

[N]ow Mr. du Cann has been [appr]oached on this matter and [it w]ould be nice to think that [prior] to an Election he would [demo]nstrate positive and practi[cal] action rather than concen[tratin]g on bolting the stable [door] when the horse has gone.

[Ther]e are other good fields for [econ]omies in the moves of other [Gove]rnment departments such as [the] Department of Health and [Socia]l Security. Positive pre[vent]ive action would greatly [encou]rage us all.

[G.] James.

[...]urel Road, SW13.

[A]ccountancy [p]apers

[From] Mr. C. Schaller

[Sir],—I have recently passed [Part] II finals of the Institute of [Char]tered Accountants, having [serve]d a three year training con[tract] with a large firm of [accou]ntants, and would like to [reply] to Mr. Hudson's letter [(Octo]ber 7) concerning these [exam]inations.

[I] do not believe criticism [shoul]d be directed at the [relev]ance that the elements of [finan]cial decisions (EFD) paper [has t]o "practical accounting and [audit]ing" as a significant propor[tion] of accountancy students seek [caree]rs outside the profession, [in co]mmerce or industry where [a bas]ic knowledge of the modern [meth]ods of project appraisal will [be u]seful.

[My] criticism of the current [exam]ination system is the failure [of th]e examiners to adequately [inter]pret the published syllabus, [which] provides too broad and [gener]al an outline.

[To] take the EFD paper as a [case] in question. The increase [in th]e failure rate in this subject [subse]quent to the increase in the [theor]etical content of the paper [has] largely been due to candi[dates] not having been forewarned [that] these new theoretical topics [woul]d appear.

The tuition schools do their best given the circumstances, try-ing to determine the topics on which to lay emphasis, on the basis of past papers set, but what is needed is a syllabus that provides greater detail of the scope of each subject to be examined, and statements issued by the Institute in fair time to reflect any changes in the examiner's thinking.

C. A. Schaller.

Casamia, 8, Lord Avenue, Clayhall, Ilford, Essex.

Different procedures

From Mr B. Small

Sir,—The letters of Mr. Hudson (October 7) and previous corres-pondents raise various points that require clarification. The Institute of Chartered Accountants in England and Wales is not the only institute of chartered accountants in Great Britain nor are its training pro-cedures the same as those of the other institutes. The Institute of Chartered Accountants of Scot-land requires all of its students to complete an approved degree course before joining the profes-sion. These courses, which may last for a year, enable prospec-tive accountants to find out more about their intended career before committing themselves for three or more years.

The pass rates in parts 1 and 2 of the Scottish institute's exams have been approximately the same (46 per cent and 42 per cent respectively in 1978). Thus students have a reasonable guide to their likely performance before they start the part 2 course. The policy of providing all the training courses removes from students the worry as to whether their employer is send-ing them to the "best" firm of tutors.

All of your correspondents have questioned the relevance of the "elements of financial decisions" paper to the work of a chartered accountant. Approxi-mately 95 per cent of chartered accountants leave the profession within two years of qualifying, they are likely to find training in financial decision making more useful than, for example, audit techniques.

In conclusion, the Scottish institute's training programme, which is open to students train-ing in England and Wales, has answered most of the points raised, thus I feel that allega-tions of complacency within the profession are unwarranted.

B. J. Cameron Small,
Treasurer,
Scottish Institute Student Society of London.
50, Bedford Road, N2.

Employees share ownership

From Mr. M. Ballisat

Sir,—We were very interested in your Lex Column of October 10 which discussed the employee share ownership provisions of the Finance Act 1978 (somewhat mis-leadingly described as profit sharing, as of course there is no requirement that the share allocations should be made out of profits). We are, however, con-cerned that the note could have been interpreted by readers as suggesting a suitable way of avoiding Phase IV pay policy limits.

It is our view that these pro-visions should be considered as part of a company's policy to introduce greater employee par-ticipation at work. The use of long-term share ownership schemes or profit sharing plans as a Phase IV loophole we feel is misguided. There are, after all, legitimate uses for such plans, whether or not Revenue approved, in a company's com-pensation programme and they should not be viewed in the same light as bogus productivity deals.

We hope that the private sector will use such schemes as one way of increasing employee participation and thus involve-ment in their enterprises, and not as a short-term expedient.

M. T. Ballisat.

30, Queen Anne's Gate, Westminster, SW1.

Home trade vital

From the Director, British Industrial Fasteners Federation

Sir,—We have read (October 5, Page 8) with considerable astonishment a resume of the article in the current issue of Which? magazine, advocating that buying British is not always the best course of action.

While we appreciate that the magazine is talking primarily about consumer goods, we would like to point out that many of the integral components on im-ported goods are produced under labour conditions which would never be tolerated in this country.

We are surprised that the magazine gives no recognition to British health and safety regula-tions in factories and shops. These regulations create addi-tional on-costs to UK manufac-turers and are totally absent in too many other countries which are producing cheap goods.

But the major fallacy in the point of view expressed is that if every consumer followed this advice there would only be a minimal labour force in this country and therefore no con-sumers to buy the goods.

The question of competitive prices has many ramifications. In our own industry (the manu-facture of industrial fasteners), we have a raw material price disadvantage, a labour cost dis-advantage, and subsidised foreign manufacturers are quite deliberately dumping their pro-ducts in this country.

But who can doubt that should this particular industry (one of considerable strategic import-ance to the country) be run down to a major extent, then the price of imported fasteners, and indeed other imported goods, will rise, and probably rise dramatically.

This federation believes in the principle of fair trading, but it also believes that Britain can only maintain a healthy inter-national trading position by having a solid home-based market. British industrial fastener manufacturers are en-deavouring to supply products of proven quality in the face of considerable difficulties.

K. R. Peplow.

Queens House, Queens Road, Coventry.

The electronics industry

From the Director General, Computing Services Association

Sir,—Max Wilkinson's article (October 6) on the National Enterprise Board's plans for the electronics industry posed some key questions for those of us participating in a mixed economy. It will always be dif-ficult to maintain a balance of influence in a mixed economy unless those who comprise the mixture are crystal clear about their respective roles.

No one can deny that the NEB has focused attention on this important industrial sector and because of the NEB's massive resources it has been able to stitch together some very unlike components into what looks like a strategy.

Capital for our industry is, however, not only required to build standard software packages but for marketing and for front end money for building and managing large-scale projects which are emerging around the world. The marketing costs of a standard software package outweigh the development costs and as our industry has grown, it has reinvested its earnings into marketing by means of geographic expansion, increased and improved products, and carried out more training for marketing personnel. It has done this on the whole without access to sizeable capital, grow-ing from zero revenue in 1959 to nearly £400m in 1978.

Linking competitors for com-mercial purposes is a tightly balanced operation as we know at the CSA, where we have gained real experience in over-seas marketing of joint resources. With an industry as busy and as short of human resources as we are, it takes a really mature and careful approach to cohere essentially competitive resources for market penetration—and in-deed, there are distinct charac-teristics about the markets which one can consider for this type of activity.

All the software participants in the NEB's web are members of the CSA, so that we work closely together and it is clear that the association welcomes any effort by INSAC or other agency to market the resources of our members. That the members do this successfully themselves is shown by our 25 per cent annual average growth over the past six years and current 25 per cent increase in exports each year. The real question in the NEB's strategy (for if it isn't one now, it may become one) is the role that its own subsidiaries such as INSAC and the proposed new office equipment company seek to fill.

If INSAC is successful, which we hope it is, it will not build a general co-ordinating role over the British software industry—that is the purpose of and a task currently undertaken by the industry's association. It could never be carried out by an agency or indeed by any one company within the industry and in a mixed economy, unless all the members are nationalised; and there is currently no visible evidence that INSAC or the NEB plans such a move. It would in any case be impossible for the industry is only comprised of people.

The NEB through its sub-sidiaries and agencies is apparently seeking the market-ing role — the crucial one. Separated from the research, development, design and motiva-tion of people, this is a formid-able task, quite apart from the views held by the potential over-seas customers about a state-backed marketing agency in such a vital and sensitive area of technology.

It is a bold thrust possibly made easier at its inauguration by the lethargy and security-conscious timidity of the City, but marketing is so important for the future of this nation that any adjustments required to reduce the NEB's exposure to failure should be considered. There is no evidence that at least in the computing services indus-try, marketing is a real weak-ness, so for this industry sector perhaps the NEB role may sub-side to that of an informed, long term, technology conscious bank. We do not have one in Britain, so here is a real role for the NEB.

Clearly other sectors will answer for themselves, but the computing services industry at least is clear on this point, and such a role extended to the whole computing services indus-try would be an interesting proposition. At the moment CSA members can approach the Government for financial assis-tance which is provided from a variety of schemes basically to assist research and development.

Happily those responsible in the administration are know-ledgeable and sympathetic and we are very pleased with the way in which our requirements are understood, and increasingly being met. With the addition of a channel to long-term risk capital, the British computing services industry would be set fair to become a world leader.

Alan A. Benjamin.

5th Floor, Hanover House, 73-74, High Holborn, WC1.

Grumbles about wealth

From Mr. J. Pickering

Sir,—It surely takes a farmer to grumble and complain about the completely unexpected, unearned and enormous wealth which circumstances have thrust upon him. Mr. Cherrington (October 7) grossly under-emphasises the advantages which recent legislation has showered upon farmers.

A recent White Paper made great play with the expression "full time working farmers." In the event the Bill which came out of Parliament had stretched this expression to include almost anyone who had an interest in the owner-occupation of agricul-tural land. Anyone who has the necessary capital, with or with-out any knowledge of farming, can squeeze himself into one of the categories entitled to these tax advantages.

Mr. Cherrington, like most farmers, sees it as very simple for anyone who has his wealth in stocks and shares to sell part of his holdings to satisfy inherit-ance taxes despite the fact that such a person receives none of the tax advantages available to farmers. I, on the other hand, see no difficulty in the way of the heirs of farmers selling part of their estate or arranging mortgage facilities to meet these commitments. On Mr. Cherring-ton's own admission smallish parcels of land can make up to £2,000 per acre. I have never seen any lack of buyers of detached parcels of land. If, as a result of the farmers' heirs adopting either of the alterna-tives I have mentioned they find themselves compelled to pay higher mortgage interest or farm smaller holdings than their predecessors then they will just have to farm better than ever. A real productivity deal for the country.

J. P. Pickering.

Orchard Place, Hexham, Northumberland.

Calls for new investment

From Mr. J. Duffield

Sir,—Amidst the cry for more investment to regenerate British industry, emanating in particular from trade union leaders, we occasionally read a news item which puts this cry into perspec-tive. In your paper of October 10, for example, we read that broadcasting unions are not pre-pared even to discuss new invest-ment in news gathering, pre-sumably because of the loss of jobs involved. Perhaps the Len Murrays of this world would care to explain just how management is supposed to introduce new technology, in the face of such Luddite intransigence. One wonders what sort of transport system we would have today if the stage coach drivers had got organised before railways came along.

J. Duffield.

80, Russell Road, Buckhurst Hill, Essex.

To-day's Events

GENERAL

Mrs. Margaret Thatcher addresses Conservative Party Con-ference, Brighton

Balance of payments current account and overseas trade figures (September).

Retail prices index (Septem-ber).

Lord Elwyn-Jones, Lord Chan-cellor, speaks at Magistrates Association annual meeting, Guildhall, London.

Expected pay offer by Ford management.

British Oxygen gases division shop stewards meet to discuss pay offer.

Egypt-Israeli peace talks con-tinue in Washington.

Mr. Helmut Schmidt, West German Chancellor, ends visit to Japan.

Mr. Huang Hua, Chinese Foreign Minister, visiting Cam-bridge to tour Cavendish Labora-tory, the faculty of oriental studies and Pye Telecommunica-tions.

Delegation from Italian employers association in Peking for trade talks.

Mr. Li Chiang, China's Foreign Trade Minister, on visit to Australia.

European Parliament session ends, Strasbourg.

Members of Datsun Dealers Association in Japan for talks with car manufacturers.

London Chamber of Commerce and Industry trade mission talks continue in South Korea.

Mr. Edmund Dell, Secretary for Trade, visiting Canada and the U.S.

London Chamber fo Commerce —British Import Confederation Seminar "Commonwealth Prefer-ence Tariff," 69, Cannon Street, EC4. 10.30 am.

OFFICIAL STATISTICS

Index of industrial production (August provisional). Building Societies' receipts and loans (September).

COMPANY RESULTS

Final dividends: Ben Bailey Construction, Imry Property Holdings. Interim dividends: Ash and Lacy. Grampian Holdings. Geo. G. Sandeman Sons and Co.

COMPANY MEETING

Restmor, 54, Baker Street, W. 11.30.

COMPANY NEWS + COMMENT

Foster Bros. surges to £4m at six months

DEMONSTRATING that Foster Brothers Clothing Company's forecast of substantial growth in 1978 was well founded, pre-tax profits for the six months to August 31, 1978 have surged ahead from £1.42m to £3.93m.

Although the directors do not see maintenance of this impetus in the second six months, they state that they are confident that profits will show an improvement on the latter six months of last year—when a pre-tax figure of £3.95 was reported.

They point out that first-half turnover—up from £21.17m to £30.02m—is not strictly comparable, for that in the first half of the current year includes sales of Discount for Beauty, which did not join the group until August 31, 1977. However, turnover has been consistently buoyant and volume increases in excess of the national average have been achieved.

The net interim dividend per 25p share is increased from 1.03805p to 1.56627p. An additional payment of 0.02748p, in respect of the reduction in ACT, is declared, and this brings last year's total to 2.877505p.

	Six months 1978 £000	Six months 1977 £000	Year 1977-78 £000
Group sales	30,021	21,271	50,194
Trading profit	3,811	1,415	5,142
Surplus on prop. sale	—	—	125
Profit before tax	3,931	1,415	5,267
Tax	2,100	771	2,775
Net profit	1,831	644	2,501
Minorities	—	—	4
Pref. dividends	4	4	8
Interim Ordinary	334	236	236
Second interim	—	—	404
Retained	1,493	404	1,853

● comment

In contrast to last year's first half everything is going in the right direction for Foster Brothers. Menswear sales are booming, the group has aborted its unsuccessful women's fashion retailing venture, the Adam's children's wear is now out of the red while the cosmetics operation has been included for the first time in this half. Although the market had been anticipating a strong result—the p/e was 17.1 with a yield of 2.4 per cent—there is still growth left in the second half, which gives scope for a further forward movement in the shares. The acquisition of Bodyeote, a cosmetics and toiletries operation, for cash at the beginning of August will boost the second half figures. Moreover the menswear boom is continuing and this is Foster's profit powerhouse. About half the goods it sells are made in the Far East so a strong pound helps margins. Directors have indicated that the growth rate will slow but it is still reasonable to anticipate a full year figure around £9m. This drops the prospective p/e to 9.5—below the sector average—and lifts the yield (assuming cover is maintained at 3.7 times) to 4.4 per cent.

HIGHLIGHTS

Debenhams has turned in a reasonable first half with the departmental side producing operating profits 25 per cent higher on a sales gain of 15 per cent while in the second half a number of sale and leaseback operations will bolster the balance sheet. **Lex** also takes a look at the way investment trusts in general are using new facilities to borrow foreign currencies for investment in EEC securities. **Foster Brothers** has had a sparkling first half reflecting not only a strong trend in menswear but recovery elsewhere. **Mettoy** is another company to perform well at the interim mark with profits 26 per cent higher and prospects for the remainder of the year look equally encouraging with retailers restocking ahead of the Christmas period coupled with the trial run for die-cast toys at Marks and Spencer. **Fothergill and Harvey** has produced half-time profits 73 per cent higher making the one for three rights announcement somewhat timely. **Mowlem**, in line with other contractors, appears to be feeling the pinch with half-time profits lower despite the first time inclusion of McTay Engineering.

Nine month rise for Mettoy

A £391,000 increase in pre-tax profit to £1.58m is reported by Mettoy Company for the 36 weeks to September 9, 1978, from turnover up from £17.75m to £20.05m.

After tax of £0.82m (£0.65m) net profit came out at £0.76m compared with £0.6m last time.

Mr. A. Katz, the chairman, says the optimistic view expressed at the AGM has been fully justified. Subject to unforeseen circumstances during Christmas trading, he expects the group to show continued satisfactory results for the year.

The interim dividend is lifted from 1.05p net per 25p share to 1.2p, a rise of 14 per cent, and directors expect to pay a maximum permitted final. Last year a 2.122p total was paid on profits of £2.82m. The interim payment absorbs £177,000 (£155,000).

● comment

Mettoy has lived up to the market's best expectations with profits 26 per cent higher for the first 36 weeks. Toy spending has picked up substantially and retailers have started stocking up for the Christmas season. The results reflect strong demand for Mettoy's two main products, Corgi die-cast toys and Wembley play-balls, although the Busybodies range of semi-articulated figures continues to disappoint. The current level of consumer spending suggests that volume growth will continue to rise sharply, and the company could be heading for up to £4m for the full year. However, this could be considerably more but for lack of production capacity. Current demand has already depleted stocks ahead of the important Christmas period and Mettoy will have to stretch resources to the limit to keep up with orders. Meanwhile, Mettoy has won an important customer in *Marks and Spencer, which is testing a range of its die-cast toys.* A successful outcome could greatly enhance the company's rating. The shares are on a prospective p/e of 5.8 while the yield is 4.6 per cent. This is roughly in line with Lesney's prospective ratings.

Hunting Gibson

ON A substantially reduced turnover of £0.86m for the first half of 1978, compared with £70.22m, Hunting Gibson incurred taxable losses of £182,000 against a profit of £604,000 last time. The group finished 1977 with pre-tax losses of £3.88m after a second-half loss of £4.46m.

Ship trading losses continued for the first half since when, following the disposal of ships, these losses have been halted and the remaining activities continue to produce satisfactory results. The directors anticipate that after taking into account the results of the associated companies, there will be a small group pre-tax profit for the full year.

The figures for the comparative period include the results of subsidiaries which were sold during the year to Hunting Petroleum Services in exchange for shares in that company. The group's share of Hunting Petroleum are included as an associated company with effect from January 1, 1978.

After tax £170,000 (£455,000) the loss came out at £352,000 (£140,000 profit) giving a loss of 23.1p per £1 share, compared with earnings of 2.1p. Because of the availability of substantial UK tax allowances no provision is made for UK taxation. Tax charge for the first half of 1978 relates to associated companies' profits.

The directors announce an interim dividend of 0.1p net per share, against 5p last time so that the Trustee status of the company can be maintained. They add that in the light of their profit forecast for the full year, the question of a final payment will be considered when the results for 1978 are known—last year a final dividend was passed.

Good start at Ellis & Goldstein

INCLUDING a surplus of £65,000 on the disposal of a lease, taxable profits of Ellis and Goldstein (Holdings), wholesale manufacturer of coats, costumes etc., increased from £468,000 to £685,000 for the half year ended July 31, 1978. External turnover was ahead from £14.14m to £15.82m.

Mr. William Goldstein, the chairman, says that Spring *developed satisfactorily, and less* costly end of season markdowns were a significant factor in improving the rate of profit.

Autumn trading is satisfactory, he adds, with orders, production and retail sales showing an improvement over last year. However, with the peak of the season to come, the result for the full year will depend upon trading, much of which remains to be done. For the whole of the 1977/78 year Ellis recovered from a depressed £0.93m to £1.23m.

After corporation tax of £374,000 (£251,000) net profit for the first half was £311,000 against £217,000 giving earnings of 1.35p (0.93p) per 5p share. The interim dividend is lifted to 0.968p (0.88p) net and on the reduction in ACT an additional dividend for 1977/78 of 0.01552p is also announced—last year's final was 1.024328p.

Mr. Goldstein states that during October, the group completes the sale of the freehold premises and some items of plant at Stockton-on-Tees, for £890,000: the surplus of £135,000 will be included in the full year's results.

The existing use valuation of the remaining freeholds and long leaseholds at July 31, 1978, was £2,049,000, which gives a surplus of £1,048,000. He says the directors will not provide deferred tax on this surplus because, for the foreseeable future, they expect to continue full use of these premises. The additional freehold depreciation will be about ... in a full year, he adds.

	Half-year 1978 £000	Half-year 1977 £000
External turnover	15,821	14,137
Wholesale	6,361	5,484
Retail	9,460	8,653
Trading profit	620	464
Surplus*	65	—
Profit before tax	**685**	**468**
Corporation tax	374	251
Net profit	311	217

* Disposal of a lease.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Adda	int.	0.3	—	0.2	—	0.67
Atlas Electric Gen.	int.	0.75	Dec. 6	0.6	—	1.9
Bronx Engrg.	int.	0.44	Nov. 27	0.4	—	1.57
Bruntons	§int.	3.44	Oct. 31	3.08	—	7
Bruntons	Sec. int.	4.38	Apr. 30	3.92	7.82	7
Debenhams	int.	1.78	Dec. 8	1.59	—	5.35
Dominion & General	int.	†2.25	Dec. 1	1.5	—	7.75
Ellis & Goldstein	**int.	0.97	Nov. 22	0.88	—	1.9
Feb Intl.	int.	0.74	Dec. 1	0.66	—	1.76
Findhorn Finance		13.4	Nov. 9	13.2	13.4	13.2
Foster Bros.	int.	††1.57	Dec. 12	1.04	—	2.88
Fothergill & Harvey	int.	2.5	Dec. 4	2.25	‡‡	6.21
W. & J. Glossop	int.	1.58	Nov. 20	1.43	—	‖3.8
Green's Economiser	int.	2.12	Nov. 27	2.12	—	4.24
Charles Hill of Bristol	int.	Nil	—	2	—	7.26
Howard & Wyndham		0.33	—	Nil	0.66	Nil
Hunting Gibson	int.	0.1	Nov. 17	5	—	5
M. P. Kent		1.6	—	1.46	2.26	2.06
Lee Cooper	int.	1.25	—	*0.62	—	*1.86
Lon. & Prov. Poster	int.	3.42	—	2.99	—	9.69
Martin-Black	int.	1	Nov. 24	2	—	4
Mettoy	int.	1.2	Jan. 3	1.05	—	2.12
Moss Bros.	int.	1.33	Nov. 24	*1.33	—	*3.23
John Mowlem	int.	1.65	Dec. 9	1.5	—	6.5
Photo-Me		4.05	Nov. 30	3.96	6.03	3.96
Prestwich Parker		2.10	Nov. 28	2.19	3	3
Austin Reed	int.	1.1	Dec. 2	1	—	2.86
Selincourt	int.	‡0.5	Nov. 24	0.45	—	0.96

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.0116p for 1977/78. § Additional 0.0594p for 1977. ¶ Final of at least 6.25p forecast. ‖ Includes additional 0.0365p now payable. ** Additional 0.01552p for 1977/78. †† Additional 0.02748p for 1977/78. ‡‡ 6.9359p total forecast.

John Mowlem hit by lower associate profits

REFLECTING a decline in share of associate profits from £770,000 to £119,000, pre-tax profits of John Mowlem & Co., construction group, fell from £2.75m to £2.41m in the first half of 1978.

The directors point out that profits of the Australian associate were exceptionally high in 1977. Since then they have been affected by the turndown in the Australian economy and there have also been some losses in the Abu Dhabi associate.

Competition at home and abroad remains strong and continues to affect margins, the directors report. Associate companies are not expected to produce such good results as last year but for the group's other activities they look for satisfactory results. For the last full year group profits totalled £6.13m.

	6 months 1978 £000	6 months 1977 £000	12 months 1977 £000
Turnover	79,154	65,934	145,532
John Mowlem	66,606	58,372	124,417
Share of assoc.	12,548	7,562	21,115
Depreciation	1,001	788	1,683
Rental income	75	51	179
Interest receivable	114	524	812
Investment inc	41	96	181
Sale of securities	197	12	12
Trading profit	2,289	1,973	4,448
Share of assoc	119	770	1,677
Profit before tax	2,407	2,743	6,125
Tax	1,232	1,423	3,038
Profit after tax	1,175	1,320	3,087
Interim div.	261	196	—
Total div.	—	—	987
Retained	914	1,124	2,080

First half earnings per 25p share are stated at 7.43p (10.14p) and the interim dividend is raised from 1.5p to 1.65p net. Last year's total payment was 6.5p.

● comment

Mowlem's latest half year results add to the mounting gloom among UK contractors. In fact Mowlem's profits are somewhat worse than they first appear for profits before results of associated companies include a full six-month contribution of roughly £600,000 from the McTay Engineering acquisition of last year. But the group has been hit by a number of other problems. Associate profits are returning to more typical levels after a freak result in 1977. Then Mowlem saw a large contribution from its Darwin reconstruction work in Australia. That contract has now been completed and the group is having to cope with a sluggish Australian economy. Meanwhile the Abu Dhabi associate after breaking even has drifted into loss and provisions have had to be made. In the balance sheet net cash has dropped from £8.42m to less than £5m, as public bodies (such as water authorities and local authorities) reduce advance payments. Net interest receivable has therefore dropped from £524,000 to £114,000. Pre-tax profits for the full year could be £5.5m, compared with £6.14m. So the shares stand on a prospective p/e of 7.1 and yield 9 per cent. The reaction in the share price may be overdone.

Henderson uses new route to foreign securities

Three of the investment trusts in the Henderson stable have taken advantage of the relaxation, last January, of the premium currency rules, to raise foreign currency which will eventually permit them to invest abroad without going directly through the dollar premium or risking foreign currency movements against sterling by way of a back-to-back loan.

Witan Investment Company, the biggest of the three with net assets of about £129m, has arranged a loan of U.S.$25m (or its equivalent in other currencies); Greenfriar has arranged a loan of U.S.$1.3m (or its equivalent); and Lowland has arranged a loan of U.S.$750,000 (or its equivalent). In each case the money is to be used to invest in bonds issued by the EEC, European Investment Bank, European Coal and Steel Community or Euratom, as specified in supplement No. 35 of the Bank of England Exchange Control Notice No. 7.

Under this supplement the loans so raised may be repaid by the trusts in tranches over five years; and the EEC bonds which, following such repayment, are owned outright by the trusts, may be used (with an additional 15 per cent of cover through the premium) as security for further loans, the proceeds of which can be invested in foreign securities.

By the end of five years it will have been possible for the borrower to invest the whole amount of the loan in foreign securities without either going through the dollar premium in the first place, or taking out a loan backed with sterling.

As managers of the three trusts, Henderson has pitched their new borrowings at such a level that they can, over the next five years, expect to refinance most of the foreign securities which they now hold through the premium, through foreign currency bought at the spot rate instead. Under the tutelage of Williams and Glyns or Cazenoves, half-a-dozen other investment trust management groups have already made similar moves.

Redfearn Glass now sees downturn

In a surprise announcement yesterday Mr. John Pratt, chairman of Redfearn National Glass, warned that profits for the year to October 2 "will not equal those of last year."

When the interim results were published in May Mr. Pratt said that "in the full year we look forward to profits which should be reasonably in advance of 1977."

Last year's profits, struck during the three-way unsuccessful contest for the company from Rockware, Rheem International and United Glass, were a record £4.59m.

First-half profits for this year were also ahead at £1.79m (an increase of £6.76m). At the time, Mr. Pratt pointed out that some of the increase was the result of delays in reconstructing the main furnace, which had allowed output to continue high for the first six months.

Since then not only has the company had to bear the costs of the rebuilding but according to have been additional problems in yesterday's statement "there bringing on stream new plant as early as planned.

"Combined with this there has been an absence of expected growth in sales volume, an experience common to the industry as a whole. The main reason has been the very poor summer weather," Mr. Pratt said. But he also attributes the downturn to increased competition both from within the UK and from Continental suppliers. Continental competition was in fact one of the central issues raised by the Monopolies Commission when it refused permission in May for United Glass to go ahead with its bid for Redfearn.

The only comfort for shareholders is that the dividend promised during the takeover battle will be paid. A final of 10.56p combined with the interim already paid will mean a total dividend for the year of 15.84p (10.56p).

SHARE STAKES

Trust Houses Forte—E. Hartwell, director, on Sept. 25 sold 25,000 shares.

Heywood Williams Group—D. Scholes is converting £62,005 loan into 58,578 ordinary shares. Beneficial holdings now 258,767 ordinary, 6,289 preference and £1,961 loan stock.

Evered and Co. Holdings—Sir T. Harford, chairman, bought 30,000 shares at 26½p ex dividend on Sept. 12.

Blundell-Permoglaze Holdings—Britannic Assurance has acquired further ordinary shares which brings total holding to 600,000 (9.42 per cent).

Wyndham Engineering:—Beal and Son has disposed of its entire holding of 89,246 shares (14.875 per cent).

G.T. Japan Investment Trust:—Merchant Navy Officers' Pension Fund owns 275,000 shares (5.5 per cent).

Linfood Holdings:—Guinness Peat group acquired 100,000 shares on September 1 and 150,000 on September 29. Total interest 6,112,646 shares.

Brocks Group of Companies:—B. R. Clack, director, acquired 185,000 shares and A. G. Irwin 40,250 shares in April, 1977.

Castings:—Britannic Assurance Company has bought 2,500 shares making total holding 677,000 shares (10.01 per cent).

Fothergill & Harvey growth—£1.7m rights

A £1.74m rights issue is proposed by Fothergill and Harvey, the Lancashire-based manufacturer of industrial textiles and specialist plastics.

Fothergill also announces half-year figures to July 15 1978 showing a rise in pre-tax profits from £453,000 to £783,000.

Terms of the rights call are one-for-three at 88p each.

Underlining the reasons for the issue the directors point to the significant developments that have recently taken place within the *company. In 1977* there were two acquisitions, Acheson Treatments (now trading as Armourcote Surface Treatments) and the proofings operation of the Compoflex division of TI Flexible Tubes (now trading as Proofings).

A new company, Fothergill and Harvey Structures (where Fothergill has a 74 per cent stake) has also been formed. In addition the Tygadure division has started marketing irradiated polymeric insulated wires under licence with Hayes Industries Inc. Work is currently on hand for the manufacture of these wires in the UK.

In addition to these new activities the company is continuing to look for further opportunities for acquisitions and investments.

Jones Stroud which holds 22.1 per cent of the equity of Fothergill has undertaken to take up its rights.

The half-year figures show sales of £7.55m (£6.18m) which includes £618,000 from two acquisitions.

The pre-tax figure is struck after an interest charge of £81,000 against £97,000 and after lower taxation the net attributable profit is £711,000 against £297,000.

The improved profitability reflects the increase in demand during the second half of last year in the higher margin sectors of the group.

The trading pattern since July has been maintained at about the same level as in the first half and this should be reflected in the results for the full year.

The directors have decided to increase the interim dividend from 2.25p to 2.5p. They intend to recommend a final dividend of 4.4359p making a total of 6.9359p per share, compared with 6.2113p paid in 1977.

An egm is called for October 27. Brokers to the issue are de Zoete and Bevan.

● comment

Fothergill and Harvey has chosen a good moment to ask shareholders for cash: boosted by a 73 per cent rise in taxable profits the shares finished 3p better at a year's high of 112p. Special textiles is the biggest division with roughly half group sales. More exciting, however, is the Tygadure side, which specialises in heat resistant and non-stick high margin products, and apparently provided much of the growth. Finally, the composites division which made a loss last year, is understood to be back in the black and has good recovery prospects. At first sight a rights issue appears superfluous with borrowings of £1.7m matching shareholders funds of £4... in the last accounts. The group, however, has not generated sufficient cash to meet expansion costs in the past and a capital spending programme of roughly £1.5m is planned for the next ... months. Further working capital will also be needed given the buoyancy of the Tygadure division. On average capital the rights p/e is 9.5 and the yield an impressive 9.8 per cent which explains the mere 10 per cent dividend increase.

Glossop down at midterm

WITH INTENSE competition *resulting in lower margins* and bad weather bringing surface dressing to a standstill for periods, taxable profit of W. & J. Glossop fell from £395,000 to £315,000 in the July 31, 1978, half year. Turnover advanced from £5.9m to £7.02m.

Mr. Digby Burnell, chairman of the public works contractor, says considering the adverse trading conditions the results are satisfactory.

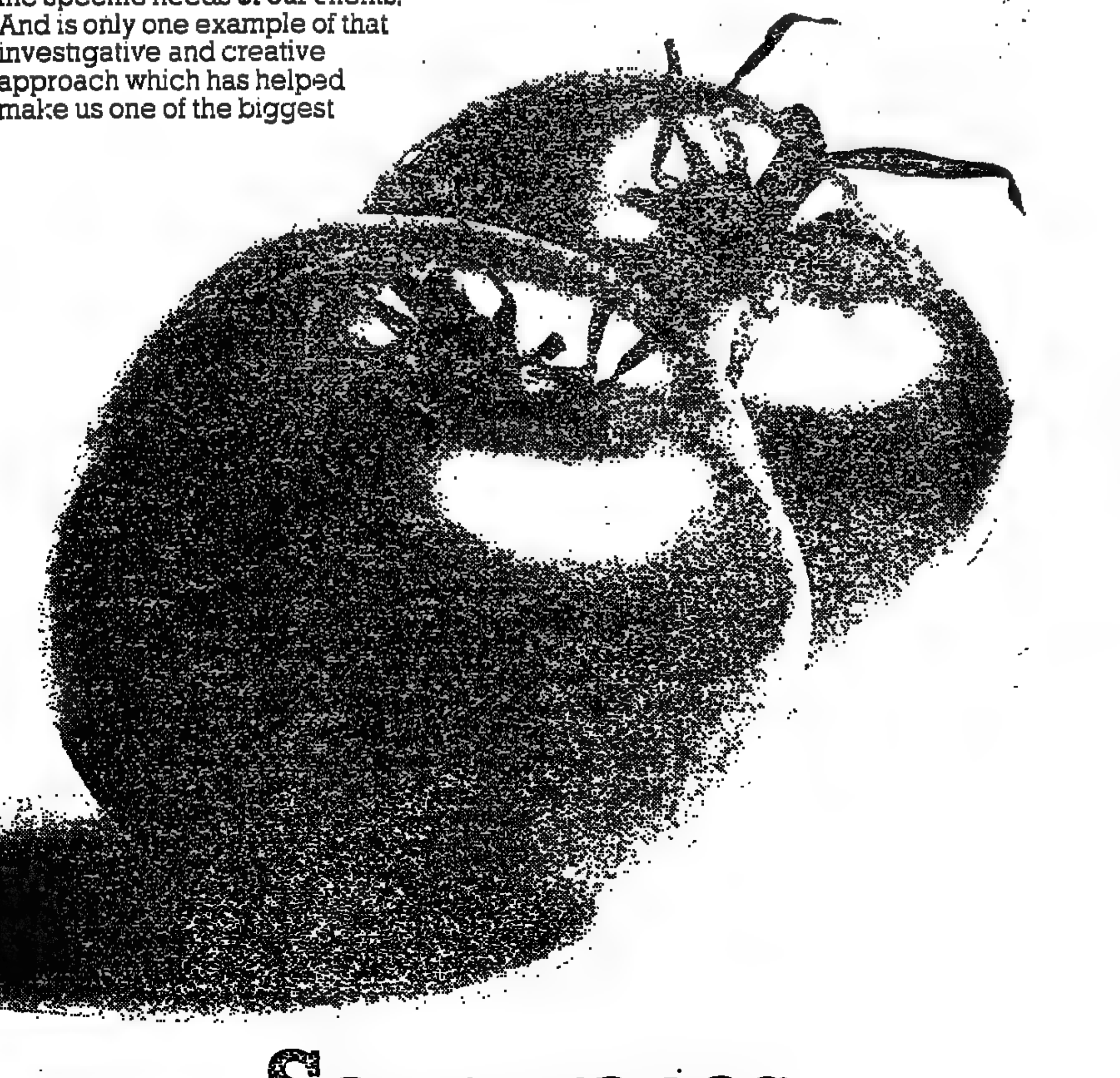
After tax of £164,000 (£205,000) net profit came out at £151,000 (£190,000).

The interim dividend is up from 1.433p to 1.576p and an additional 0.0365p is to be paid for 1977. Last time a 2.329p final was paid on record profits of £830,915.

STARTRITE DROPS SCRIP

The directors of Startrite Engineering have confirmed that the company would not be going ahead with its plans for a scrip issue of preference shares. This follows the Treasury's ruling.

It is their intention to recommend the maximum dividend payable under any regulations in force in respect of the year to June 30, 1979.



AECI LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO PREFERENCE SHAREHOLDERS

DIVIDEND NO. 81

Notice is hereby given that on 7 September 1978 the Directors of AECI Limited declared a dividend at the rate of 5½% per annum for the six months ending 15th December 1978 payable on that date to holders of preference shares registered in the books of the Company at the close of business on 3 November 1978.

The dividend is declared in United Kingdom currency and warrants in payment will be posted from the offices of the transfer secretaries in South Africa and the United Kingdom on 12 December 1978.

Dividends payable from Johannesburg will be paid in South African currency at the rate of exchange ruling on 3 November 1978.

Any change of address or dividend instruction involving a change in the office of payment, if intended to apply to this dividend, must be received on or before 3 November 1978 and members must, where necessary, have obtained the approval of the South African Exchange Control Authorities and, if applicable, the approval of any other Exchange Control Authorities having jurisdiction in respect of such changes. Changes of address or dividend instructions to apply to this dividend which do not involve a change in the office of payment must be received not later than 1 December 1978.

In terms of the Republic of South Africa Income Tax Act 1962 (as amended) dividends payable to persons not ordinarily resident nor carrying on business in the Republic or to companies not registered nor carrying on business in the Republic are subject to deduction in respect of non-resident shareholders tax at the rate of 13.7025%.

With regard to warrants despatched from the United Kingdom office, United Kingdom income tax, at the basic rate less, where applicable, the appropriate double tax relief, will be deducted from the dividends paid except in cases where the holder's address and the address to which the dividend is sent are both outside the United Kingdom and in cases (if any) where the company has received from the Inspector of Foreign Dividends in Great Britain a certificate exempting the dividend from United Kingdom income tax.

The transfer books and registers of members in Johannesburg and the United Kingdom will be closed from 4 November 1978 to 17 November 1978 both days inclusive.

Carlton Centre
Johannesburg
13 October 1978

By order of the Board
J.J. LOW
Secretary

Transfer Secretaries:
Consolidated Share Registrars Limited
62 Marshall Street, Johannesburg 2001 and
Charter Consolidated Limited, Charter House
Park Street, Ashford, Kent, TN 24 8EQ, England

Published notification of rate of interest for first six months

ARAB MALASIAN DEVELOPMENT BANK, BERHAD

U.S. $20,000,000

Floating Rate Notes due 1983

For the six months October 12th, 1978 to April 12th, 1979 the notes will carry an interest rate of 10 7/16% per annum

Listed on the Luxembourg Stock Exchange

Debenhams rises 58% to £4.86m at halfway

PRE-TAX profits of Debenhams for the 28 weeks to August 12, 1978, increased by 58 per cent from £3.07m to £4.56m, before an exceptional credit of £147,000, against £127,000 being the profit on the redemption of debentures.

To be taken into account for the full year will be profits on sale of fixed assets, costs associated with the sale or closure of stores, and revenue costs associated with the opening and rebuilding of stores, as usual.

So far, the net cost for the period is £927,000 (£220,000) not included in the figure—and is compared with an exceptional credit of £11.56m for the 1977-78 year which was added to profits of £16.7m for that period.

Before VAT of £13.16m (£11.17m) sales for the first half were ahead from £214.07m to £240.97m. The figure excludes £4.59m of turnover relating to the superstores at Nottingham and Walkden, and the department store at Bradford, which have been sold or closed since August 12. In 1977 they contributed turnover of £7.37m. Turnover of £3.13m for stores opened since August 13, 1977, has been included.

The directors say the rate of loss in the food division (Caters) has been reduced considerably since the second half of 1977-78 and they expect this division to make a small profit for the full year.

The operations of the photographic retailing business (Greens) continue to be unprofitable, but it is anticipated that the overall loss for the year will be lower than last year. The combined losses for these two divisions included in the first half figures is £1.18m.

After tax of £1.31m (£1.20m), representing ACT on dividends and overseas income-tax, earnings are shown as almost doubled from 1.4p to 2.7p per 25p share, and 3.7p (2.2p) on a nil distribution basis.

The interim dividend is increased from 1.50852 to 1.77808p net costing £2.37m against £2.13m: last year's final payment was 3.76281p.

Work is currently being undertaken to establish the separate values of land and buildings. Pending its completion, no provision for depreciation on freehold and long leasehold buildings has been included as is required by SSAP 12.

	28 weeks 1978 £000	28 weeks 1977 £000	52 weeks 1977-78 £000
Sales, ex VAT	227,296	202,899	442,951
Trading profit	9,385	7,708	24,576
Interest†	[illegible]	4,641	7,875
Profit	4,457	3,067	16,701
Except. credit	147	127	11,562
Making	[illegible]	3,194	28,263
Tax	1,397	1,251	4,074
Net profit	3,097	1,942	24,189
Extraord. debit	—	—	5,000
Pref. dividends	43	43	86
Attributable	3,054	1,899	19,103

†Comprises interest, factoring charges.

See Lex

Bronx Engrg. slumps

AS ANTICIPATED taxable profit at Bronx Engineering Holdings for the half year to May 31, 1978, slumped from £306,000 to £57,900 and the directors again warn of a fulltime performance substantially below the £790,281 last time.

However, there has been a recent improvement in order intake and this together with likely orders over the next few months should allow a return to much more satisfactory level of profit in 1979, Mr G. B. Crosthwaite, the chairman, states.

First half sales were sustained at £7.02m (£7.01m) and though the world-wide lack of confidence in the steel industry still exists, in the last months the company has won export contracts of almost £4m for delivery next year.

The orders include equipment designs which were produced by the company during the last three years.

The net interim dividend is stepped up to 0.44p (0.4p)—the final last time was 1.172p.

Net profit emerged at £27,800 (£175,000) after tax of £30,100 (£190,500).

Bruntons rise in first half

REFLECTING THE continuing low demand for all of their group's steel products, the directors of Bruntons (Musselburgh) report a slight fall in turnover from £5.53m to £5.42m for the first half of 1978, and there was only an £88,000 rise in taxable profits to £887,000.

They add that in the first two months of the second half, trading profits were running above the average for the first half, and indications are that pre-tax profits for the whole year will be in line with the £1.72m achieved in 1977, despite the fact there will be no comparable benefit from capital gains (£102,000 for 1977).

The interim dividend is stepped up to 3.4448p (3.0849p) net per 25p share and there is an additional payment of 0.0594p for 1977 on the reduction in ACT. Also announced is a second interim of 4.3764p (3.9191p) which will make the total 7.8212p.

	Half Year 1978 £000	Half Year 1977 £000
Turnover	5,418	5,533
Home	4,734	4,925
Export	684	608
Trading profit	825	791
Stock profit	17	†77
Investments interest	41	57
Pre-tax profit	887	799

†Loss.

Adda up and confident

PRE-TAX profits of Adda International, hotel group, increased from £408,000 to £621,000 for the 28 weeks to July 9, 1978, on turnover up from £3.44m to £4.23m.

Trading has remained satisfactory, and Mr. H. J. Edwards, chairman, says that profits for the full year should show a useful improvement over the peak £998,073 achieved in the full 1977 year—for the previous three years the group incurred losses totalling £1.68m.

Mr. Edwards adds that the outlook, in regard to trading and opportunities to expand business further, is encouraging.

The first-half results exclude any contributions from new acquisitions already announced as they had not been acquired at the end of the period under review. These include the Leinster Towers Hotel, the Osterley Motel and the Heathrow Ambassador Hotel. The extension to the Park Plaza Hotel will open in spring 1980.

The position in regard to the group's freehold property in Copenhagen, City House, has now been stabilised and action continues to be taken to improve the net rental income receivable. It has been decided to defer consideration of possible further provisions in respect of this development until the end of the year.

The net interim dividend payment is increased to 0.3p (0.2p) per 10p share—last year's final was 0.46693p—and the directors say they intend to pursue a progressive dividend policy which will be reflected in future payments.

Also announced is a one-for-one scrip issue, a scheme to increase the authorised share capital to £3m and directors propose to adopt a group profit sharing scheme. It is also proposed to change the group's name to Comfort Hotels International.

	28 weeks 1978 £000	28 weeks 1977 £000
Turnover	4,226	3,443
Hotels, etc.	3,830	3,127
Wholesaling	396	316
Trading profit	943	747
Interest	322	339
Pre-tax profit	621	408
Tax†	63	—
Net profit	558	408
Non-recurring debit	—	285
Available	558	123
Dividend	53	19
Retained	505	104

† Charge for the year will remain well below average due to availability of capital allowances and past trading losses.

● comment

A glance at Adda's figures immediately reveals the group's heavy gearing burden. Trading profits for the first half are 26 per cent better but after a slight reduction in interest charges the increases jump to 52 per cent. The last balance sheet shows debts at almost 100 per cent of shareholders funds but borrowings (because of acquisitions) are likely to be even higher this year. Virtually half this is swallowed up by the Copenhagen property which will probably be sold when the last few units are filled. This will enable the group to concentrate on its hotel business which has improved profits largely with the help of better rates. Although average occupancy levels in London have been lower than last year, the group has achieved a better sales mix this time cutting out some of the high discount tour parties. The other major new management step will be to expand and improve the catering side. New acquisitions will not make any impact on profits until 1979 and given the roughly even profits distribution between halves a full-year outcome of £1.2m looks probable. The shares, given a 10 per cent tax charge, are on a prospective p/e of 9 but a yield of only 2 per cent.

Martin-Black in profit

AFTER DIVING to a £499,000 loss in the last half of 1977 Martin-Black returned to surplus in the first half of 1978 to record a £244,000 pre-tax profit compared with £246,000 in the same period last year.

Directors say that while the Canadian company has made a good recovery lack of demand and consequent overcapacity elsewhere continue to make business very difficult.

In view of this the interim dividend has been halved to 1p net, although directors say results for the second half are expected to be much better than those of 1977. A 2p final was paid last time, and a decision on the final this year will be made when results are known.

Turnover for the period was £7.74m (£7.29m) with UK exports and overseas sales accounting for £4.34m (£4.09m). The profit came after interest charges £6,000 higher at £120,000 and include a £21,000 exchange gain compared with a £31,000 loss last time.

After tax of £123,000 (£121,000) net profit was £121,000 (£125,000) and earnings per 25p share are given at 1.83p compared with 2.09p.

Prestwich Parker advances

After a £15,813 fall in pre-tax profit to £135,962 in the first half Prestwich Parker recovered in the second half to lift profit from £174,465 to £217,170 in the June 30, 1978 year.

After tax of £113,515 (£86,624) net profit of the nut and bolt maker advanced from £87,841 to £103,655. The final dividend of 2.1875p net per 25p share leaves the total payout unchanged at 3p.

Charles Hill omits dividend after £0.5m midway loss

AFTER ACHIEVING a £186,000 profit in the second half of 1977 Charles Hill of Bristol slumped to a £500,000 loss in the first half of 1978 compared with a £29,000 deficit in the same period last year on turnover ahead from £5.42m to £6.61m. Interim dividend is omitted.

Directors say the interim report makes the losses look much worse than they expect them to be at the year end. The loss stems from a continuation of the substantial building and civil engineering losses at Nott Brodie and Company. The losses are, however, before taking account of any benefits from claims under negotiation, of the settlements on certain old contracts and of re-measurements necessary for final acceptance of work now finishing which includes the bulk of those contracts with severe losses.

Following the marked deterioration in the results of Brodie the directors have decided to reduce the scale of this enterprise so that risk will be lessened. Senior management changes have been made as a consequence.

They say B. B. Kirk (Constructions) has continued to trade in a satisfactory manner. The ship-repair and road transport subsidiaries have remained busy and profitable, while the smaller companies in the group as a whole have continued to show a useful return on capital employed. Bristol's new dock is attracting additional customers, which is benefiting the group.

Again there is no tax charge and the attributable loss is shown at £505,000 after minorities. Last year there was a £564,000 extraordinary profit which left attributable profit at £528,000.

Directors say that if the full year results show an adequate improvement on the first half figures they intend paying a final dividend. Last year a 5.26p final made a total of 7.26p.

Moss Bros. up £16,000 for six months

The directors of Moss Bros. report six months figures, for the first time, of £3.04m turnover against £2.69m, and £131,000 taxable profits compared with £115,000, for the period to July 29, 1978. Profit for the 1977/78 year was a record £307,269.

After tax for the half year of £75,000 (£66,000) net profit came out at £56,000 (£49,000) giving earnings of 2.67p (2.33p) per 20p share. The interim dividend is effectively maintained at 1.33p net, costing £28,000—last year's final was an adjusted 1.9008p.

Marginal advance by Dwek Group

Marginally better profit of £112,000 against £104,000 is shown by Dwek Group for the first half of 1978 before tax £4,000 more at £58,000. Sales by the company, which imports and wholesales pvc, were maintained at £3.1m (£3.04m).

In June the directors said that turnover for the first quarter was ahead and they expected volume at full-time to exceed last year when taxable profit was a record £217,000.

Again there is no interim dividend but a single payment is forecast for mid-1979. The payment last time was 0.198p net.

Retained profit for the half year amounted to £54,000 (£50,000).

On September 8 the group placed 937,499 Crystalate (Holdings) ordinary shares at 34p. The holding arose from the conversion of £75,000 of Crystalate's 8 per cent convertible unsecured loan stock into 625,000 ordinary shares at 12p each together with 312,409 shares received by way of rights at 10p each in March 1978.

Howard & Wyndham over double after reshaping

ACQUISITIONS AND reorganisation enabled Howard and Wyndham, publisher and retail jeweller, to more than double taxable profit for the year June 30, 1978, from £117,899 to £314,918, following a recovery from a £33,844 loss to a £149,963 surplus in the second half.

The directors say they are confident this favourable trend will continue and probably accelerate in 1979 and trading performance to date supports this view.

Sales for the year were almost £1m higher at £16.85m and trading profit jumped to £741,453 (£418,998).

Net asset value at year end was 48p (42p) and net current assets amounted to £3.27m (£2.88m). Earnings per 20p share are stated at 4.6p (1.2p) or 4.9p (4.6p) after extraordinary gains of £19,377 (£277,883).

The trading and profit performance of the group's publishing operations improved substantially and is now "on target." All the publishing divisions performed well, but the major reasons for the overall improvement was the acquisition of Hawthorn Books Inc. and the return to profitability of W. H. Allen's paperback book division, Mr. R. Fields, the chairman, says.

The results of the group's retail operations continue to be satisfactory. During the year a number of CIRO outlets were opened both in the UK and abroad under its sole ownership, as well as pursuant to franchise agreements. The company also expanded the retail operations of Grant Bookshops of Scotland.

The decision to discontinue theatre ownership activities is being implemented, and disposal has been made of the leaseholds of The New Theatre, Oxford, and The Royal Court Theatre, Liverpool.

The group's trading prospects, both in the home market and overseas, are now bright and the directors believe it will continue to grow and prosper, Mr. Fields adds.

Following a return to the dividend list with a net interim of 0.33p in April, the company is to pay a similar final for a total of 0.66p and a one-for-15 scrip issue is proposed.

Profit after tax for 1976-77 has been restated in line with ED 19 on deferred tax at £76,124 compared with the previously published figure of £165,258.

Perkin-Elmer rises to £1.8m

From turnover of £14.17m compared with £10.97m pre-tax profit of Perkin-Elmer rose from £1.64m to £1.82m in the June 30, 1978 year. After tax of £995,000 against £830,000 net profit came out ahead from £0.81m to £0.83m.

The company is a subsidiary of Perkin-Elmer Corporation of the U.S. and its principal activity is the manufacture of scientific analytical equipment. A dividend of 45p (20p) is to be paid.

BANK RETURN

—	Wednesday Oct. 11 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	21,439,776	— 8,852,403
Special Deposits	1,062,735,000	—
Bankers	411,652,345	+ 117,961,865
Reserves & Other A/cs	651,290,329	— 9,241,316
	2162,300,450	+ 99,868,149
ASSETS		
Govt. Securities	1,777,506,028	+ 99,440,001
Advances & Other A/cs	302,598,598	+ 580,460
Premises, Equip't & other Secs.	168,172,970	— 18,131
Notes	13,710,410	— 127,612
Coin	212,384	— 16,569
	2,162,200,450	+ 99,868,149
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes issued	8,525,000,000	—
In Circulation	8,511,289,590	+ 127,612
In Bank'g Dept.	13,710,410	— 127,612
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	7,525,407,186	+ 53,271,476
Other Securities	988,577,714	— 53,271,476
	8,525,000,000	—

COMPANY NOTICES

THE KOREA DEVELOPMENT BANK

8¼% Guaranteed Bonds Due 1979

Bondholders are reminded that Coupon No. 2 becomes payable on 1st November 1978. Payment will be made subject to the deduction of Income Tax (if applicable) at the appropriate rate, upon presentation of the Coupon at the offices of The Fiscal Agent or The Paying Agent.

Bondholders who wish to elect to receive payment of the relevant amount in U.S. dollars in accordance with Clause 5c in the terms and conditions of the Bonds should notify such intention in writing to the Fiscal Agent or the Paying Agent prior to 18th October 1978.

THE UNITED BANK OF KUWAIT LTD.
Paying Agent.

3 Lombard Street,
London EC3V 9DT.
13th October, 1978.

BANCO CENTRAL de RESERVA de EL SALVADOR
$US 25 million

Floating Rate 1978/83

The rate of interest applicable for the six months period beginning on October 12th, 1978, and set by the reference agent is 11⁶⁄₁₆% annually.

MINING NEWS

U.S. copper producers' environmental burden

BY PAUL CHEESERIGHT IN LAS VEGAS

THE COST to the U.S. copper industry of meeting environmental regulations will rise to $4.5bn (£2.3m) on the basis of 1974 prices by the end of 1987 according to a study nearing completion by the Department of Commerce.

This figure was revealed for the first time at the annual convention of the American Mining Congress in Las Vegas against the background of separate industry complaints about the damaging financial effect of coping with the spate of governmental regulations which have come from Washington over the last eight years.

The burden of this on an industry which has been hit by low prices over the last three years is now recognised by officials. "Something has to give here," said Mr. Paul O'Day, of the Bureau of Domestic Business Development at the Department of Commerce. The impact of the regulations on the industry is too disturbing for the fight against inflation and for the international competitiveness of the industry, he added.

His comments symbolised the growing awareness in governmental circles that the copper industry is in poor shape to make a large outlay which does not increase in productive capacity and its revenues.

The Department's study covers the impact of regulations dealing with water, air and land pollution and the health of employees. It extends their earlier study commissioned by the Environmental Protection Agency from which many of the regulations have come.

The study predicts that by the end of 1987 U.S. copper consumption will be 11.6 per cent less than it would have been without the constraints and that domestic production will be no less than 36.2 per cent down.

By the end of the period the industry will need a copper price of 109.7 cents per lb expressed in 1974 values if it is to be profitable. This is 42.1 per cent more than it would need without the environmental regulations. The current price is around 70 cents.

Commenting on the implications of the study, Mr. Charles Barber, the chairman of Asarco said: "The subject in terms of the national interest is too serious for oratory. Unless something changes, our mineral industry will have disappeared within 10 or 20 years."

On the subject of coal, Mr. Charles Margolf, director of western coal operations at the W. R. Grace company, made a bitter attack on official attitudes towards the coal industry. He reckons that the chances of the industry reaching production levels of 1.2bn tons a year by 1985 are slipping away with current output lagging at less than 700m tons a year.

The 1985 target has been stated by three Presidents in the last five years but, he says, this has not been accompanied by policies designed to encourage new investment by the industry. He also commented that a moratorium had been placed on the grant of new leases for surface coal in 1971 and would not be raised until 1980. This will ensure that no coal will be produced from new leases until about 1985.

Further, new measures against air pollution last year had forced both the mining industry and the electrical companies to change their plans and had changed the conditions on the coal market.

The combination of these two factors will encourage production in the eastern states, argued Mr. Margolf, but the eastern reserves are deep and have a high sulphur content. Productivity in the area has been declining steadily for nine years. The large deposits of coal suitable for open-cast mining tend to be in the western states.

Commenting on the multitude of laws, regulations and agencies to enforce them Mr. Margolf said that a mining company could really only determine the extent of its reserves after it had received all the necessary permits.

Engelhard's Australian kaolin hope

AMERICA'S Engelhard Minerals and Chemicals has taken over where Consolidated Gold Fields Australia left off in the development of a Western Australian kaolin deposit at Gabbin, 210 kilometres north-west of Perth, reports Don Lipscombe.

An option agreement and further tests have been announced by Mr. Andrew Mensaros, the state's Mines Minister, who added that: "Positive results would likely lead to the construction of kaolin processing facilities with a value of up to A$30m."

The deposit has been compared with the kaolin deposits of the world's leading mines in Cornwall and Georgia, but there has been little hint of the early enthusiasm since Gold Fields' withdrawal and a security blanket has been thrown over negotiations since Engelhard became involved several months ago.

Engelhard's option is to acquire 80 per cent of the kaolin mineral rights held by West Australian Kaolin (WAKO).

This is an offshoot of Winjallock Resources, a company established in his retirement by Sir Albert Jennings, who headed one of Australia's leading construction companies.

An investment decision on the Gabbin project is expected in 1980. Meanwhile, development work to prove the deposit will intensity and Engelhard plans to conduct transport, marketing and economic studies together with process testing.

The company is already a major producer of kaolin for the world's paper markets and, from the U.S., is principal supplier to the Japanese paper market. Gabbin is being assessed as an alternative source for Japan.

Arco's latest coal move in Australia

THE U.S. oil major, Atlantic Richfield, is negotiating to buy the 38 per cent interest in the Blair Athol steaming coal deposit in central Queensland from the Daniel K. Ludwig Group, reports James Forth from Sydney.

Arco's latest expansionary move comes only six months after it gained a foothold in Australia through the A$28m (£16.3m) purchase of a 32.2 per cent equity in the New South Wales coal producer, R. W. Miller (Holdings).

Of other recent moves into Australian coal by the oil companies, British Petroleum agreed to pay A$169m to Ludwig for 50 per cent of the New South Wales Coal producer, Clutha Developments.

About 18 months earlier BP paid a similar amount for the other 50 per cent.

Ludwig retained the Blair Athol deposit and coking coal mines in Queensland, along with shipping, insurance and land development interests.

Blair Athol has reserves of about 270m tonnes of steaming coal. The other partner is Conzinc Riotinto of Australia.

MINERAL STUDY IN ANGOLA

Angola is studying the size and concentration of its mineral reserves and when this is completed exploitation will resume, according to the Angolan Minister of Industry and Energy, Mr. Alberto Bento Ribeiro.

Exploitation of some of Angola's reserves of iron ore, oil, diamond, phosphates and non-ferrous metals had been affected by South Africa's incursions into Angola in 1975.

Mr. Ribeiro said that when exploitation resumes his Government will grant concessions only to Angolan state-owned companies, with which foreign firms can sign contracts.

Selincourt up 10.3% midyear

A RISE of 10.3 per cent in taxable profit from £1.55m to £1.7m is reported by Selincourt, the textiles and fashion group, for the half-year to July 31, 1978. With growth continuing in the second half the directors forecast another record year to follow on the £4.23m last time.

First half sales were 9.9 per cent ahead from £26.1m to £28.67m with export content 25 per cent stronger at £3.79m.

After tax of £770,000 (£705,000) and minority interests the attributable total was better at £928,000, against £817,000.

The net interim dividend is raised to 0.5p (0.45p) per 5p and a supplementary payment of 0.0116p is to be paid in respect of 1977-78 following the cut in ACT, at a total cost of £264,567.

The group's new German headquarters in Dusseldorf is trading well and the manufacturing capacity set aside for the new Pierre Balmain ready-to-wear range is fully sold out for the current year, even though the first showing of the clothes will not take place until later this month, the directors state.

	Half-year 1978 £000	Half-year 1977 £000	Year 1977-78 £000
Sales	28,671	26,099	54,476
Pre-tax profit	1,704	1,545	4,226
Tax	770	705	238
Net profit	934	840	3,988
Minorities	6	3	13
Extraordinary debit	—	—	72
Attributable	928	817	3,903
Dividends	268	238	638
Retained	660	601	3,265

comment

Selincourt's interim performance is steady with both sales and profits up by about a tenth. But trading is expected to gain a bit more momentum in the second half and full year sales could be well over £60m and earlier outside estimates of £5m pre-tax for the year still look right. The textile division is evidently progressing particularly well with walker and Rice, manufacturing dress fabrics, the star performer. Overall Selincourt expects the textile companies to chip in 45 per cent of profits this year against 40 per cent in 1977. Among the garment manufacturers margins are still improving at the French operating subsidiary, Tricosa, and profits for the full year are budgeted at £800,000 (£628,000). Elsewhere Selincourt could well of seen its margin squeezed on its sales to M and S, which are around £7m to £8m a year in line with some of the other M and S suppliers. Meantime borrowings are virtually unchanged (last December they equalled two-thirds of shareholders' funds) but half time interest charges are £40,000 lower at £606,000. The fully taxed prospective p/e is 6.3 and yield (assuming a 10 per cent increase) is 7.4 per cent—a rating in line with the market.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Ash and Lacy, Bourne and Hollingsworth, Bradley's Stores, Grampian Holdings, Lowland Drapery, Mentmore Manufacturing, George G. Sandeman.

Finals—Ben Bailey Construction, British Empire Securities and General Trust, Courtney Pope, Inns Property.

FUTURE DATES

Interims—

Canadian and Foreign Invest. Tst.	Oct. 19
East Surrey Water	Nov. 3
Harrison and Sons	Oct. 19
Lilleshall	Oct. 25
Scottish Ontario Investment	Oct. 27
Sheepbridge Engineering	Oct. 26
Soilliers	Oct. 23
UBM	Oct. 18
United Engineering Industries	Oct. 19
Westpool Investment Trust	Oct. 17

Finals—

Boulton (William)	Oct. 17
Dawnay Day	Oct. 19
Raine Engineering Industries	Oct. 19
Ulster Television	Nov. 3

Agricultural side helps Shell Chemicals cut loss

BY SUE CAMERON

FOR THE second quarter of this year, results of Shell Chemicals show a considerable improvement over the first, but the company still lost £1.4m before tax.

The loss for the first quarter was £3.1m, although this has been cut by more than half, Shell Chemicals is still taking an extremely cautious view of the future. Mr. Derek Crofton, the finance director, says the reduced loss is chiefly the result of an excellent but seasonal performance by the agricultural division. He adds that the general recession in the European chemical industry is not yet over.

"We cannot look to the agricultural division for any further significant contribution to profitability this year," Mr. Crofton says. "Sales tonnages overall have shown a small but reasonably steady improving trend during the first half of the year. But not enough to give us any hope of an end to the general recession facing the chemical industry in Western Europe.

"While proceeds have also risen slightly, they have not kept pace with increasing costs and inflation, nor, as far as export sales are concerned, with tonnages. This drop in average overseas returns reflects partly a real decrease in prices for some products and partly less favourable currency effects."

Shell Chemicals has put £25.3m into capital investment so far this year and partly because of this it had a cash deficit of £15.4m by the end of June. "Clearly we could not maintain a cash deficit of this magnitude for long," Mr. Crofton says. "Indeed we are fortunate to have access to financial support from Shell group sources to enable us to go on investing substantially in efficiency improvement and cost reduction projects at a time when returns from the market place are totally inadequate.

"Even when these investments begin to pay off and we are able to start reducing our loan capital it will take some time to put our finances back into a really satisfactory shape."

Shell Chemicals has not yet made its third quarter results public, but it is understood there have been no dramatic changes in the position as it stood at the end of the second quarter.

Turriff up £105,000 at halfway

AN INCREASE in pre-tax profit from £350,000 to £455,000 for the half-year to June 30, 1978, is reported by Turriff Corporation, international contractor.

The advance was achieved on turnover down from £18.8m to £16.1m and after tax ahead from £90,000 to £114,000, net profit improved from £260,000 to £341,000.

Mr. Charles Turriff, the chairman, says current indications are that profits for the full year will be greater than the £1.16m of the previous year.

The company does not pay interim dividends. Last year, a net final of 2.3547p per 25p share was paid.

Green's Economiser hard hit by fall in turnover

A £2.28m fall in turnover to £6.78m at Green's Economiser Group, the engineering concern, was responsible for a slump in pre-tax profit for the first half 1978 from £1.05m to £99,594.

Mr. S. L. Green, the chairman, states that there has now been a substantial improvement in the company's order book and the resulting increased activity should produce, not only a satisfactory outcome for the second six months, but enables the directors to make a favourable forecast for 1979.

Last year profit was down from a peak £2.15m to £1.65m on turnover better at £16.97m (£13.43m), following a decline in engineering industry activity.

First-half trading profit was down from £948,262 to £139,395 and there was a share of an associates loss this time of £42,000 (nil). Interest received was also down at £40,157 (£137,742).

Stated earnings 25p share came out 3.42p lower at 0.53p but in view of the outlook the directors have maintained the net interim dividend at 2.12p costing £176,893. The final for 1977 was 2.1205p.

	Half-year 1978 £	Half-year 1977 £
Turnover	6,776,429	9,055,294
Trading profit	139,395	948,262
Share of assocs. loss	42,000	—
Interest receivable	40,157	137,742
Interest payable	37,958	39,053
Pre-tax profit	99,595	1,046,951
Tax	55,000	550,795
Net profit	44,594	496,156
Extraordinary credit	8,646	—
Attributable	53,240	496,156

Property deals

Provident Mutual Assurance Association has paid just under £3.8m for Stock Conversion and Investment Trust's 41,000 sq ft refurbished offices at 163, Euston Road, NW1. The fund, advised by King and Co., takes an equated yield of around 6 per cent on the block with fair reversionary potential in the early 1980s. The block is let to the Wellcome Foundation and Barclays Bank and was sold through D. E. and J. Levy.

●

The scarcity of freehold industrial development sites in London continues to push up land prices. McKay Securities, advised by Mellersh and Harding, has had to bid up to £400,000 for Lee Electric (Lighting)'s 1.6 acre site in Kensal Road, W10. Lee moved to the former London Weekend Television Studios at Wembley last year and its agents, Knight Frank and Rutley, report stiff competition for the Kensal Road land, which has planning permission for redevelopment into small "nursery" industrial units.

Small London office sites are also in demand. Healey and Baker has sold a private client's freehold site in Frances Grove, Wimbledon, to Trust Securities for just over £225,000. The developer, advised by Diamond and Co., takes over detailed planning permission for an 8,990 sq ft office scheme.

Hillgrove Estates, a subsidiary of C. T. Bowring's merchant banking arm Singer and Friedlander, has won outline planning permission from the City Corporation for a 30,000 sq ft office development at Gardiner's Corner in the Minories. Letting agents Jones Lang Wootton and St. Quinton Son and Stanley are believed to be looking for a pre-letting at around £10 a sq ft to support an Office Development Permit on the site. The City is willing to back an ODP, for up to 40,000 sq ft in the area by Fenchurch Street Station where Wimpey is already building, or planning, a total of 492,300 sq ft of offices.

●

Work started yesterday on a £2½m shop and office development in the centre of Leamington Spa.

City and Continental Property, the Leamington based development group, financed by the Universities' Superannuation Scheme has started building 21,000 square foot offices and seven shops facing on to The Parade from the car park of the town's Regent Hotel. Six of the shop units are already under offer at £12,500 a year each and joint agents Jones, Lang Wootton, Staltes, and Lambert Smith and Partners are asking £3.50 a square foot for the office space, which will be completed by March, 1980. City and Continental's Central London development appear on Page 38.

Debenhams Limited

Unaudited results for the 28 weeks to 12th August 1978.

The profit of the Group before Other Items for the 28 weeks to 12th August, 1978 amounted to £4,857,000, an increase of 58 per cent on the figure for the same period in 1977. The details are as follows:-

		28 weeks to 12th August 1978	28 weeks to 13th August 1977	52 weeks to 28th January 1978
		£000's	£000's	£000's
Sales	Note 1	240,969	214,067	468,957
Less VAT		13,161	11,168	25,974
Sales excluding VAT		227,808	202,899	442,983
Trading Profit		8,565	7,708	24,076
Cost of Finance	Note 2	3,708	4,641	7,375
Profit before Other Items		4,857	3,067	16,701
Other Items	Note 3	147	127	11,562
Profit before Taxation		5,004	3,194	28,263
Taxation	Note 4	1,307	1,261	4,074
Profit after Taxation		3,697	1,933	24,189
Extraordinary Items		—	—	5,000
		3,697	1,933	19,189
Preference Dividends		43	43	86
Profit attributable to Ordinary Shareholders		3,654	1,890	19,103
Earnings per Ordinary Share		2.7p	1.4p	20.3p
Earnings per share on a nil distribution basis		3.7p	2.2p	23.4p

Notes

1. Sales for the 28 weeks to 12th August, 1978 are shown exclusive of £4,593,000 turnover relating to the superstores at Nottingham and Walkden and the department store at Bradford which have now been sold or closed. (The figures for the 28 weeks to 13th August, 1977 include £7,367,000 turnover for these stores). The sales include, however, £3,131,000 turnover for stores opened since 13th August, 1977.

2. "Cost of Finance" comprises interest and in the 28 weeks to 12th August, 1978, factoring charges.

3. "Other Items" for the half years in 1977 and 1978 represent profit on redemption of debentures. The following items will as usual be taken into account in the full year figures:

a. Profits on sale of fixed assets.

b. Costs associated with the sale or closure of the three stores referred to in Note 1.

c. Revenue costs associated with the opening and rebuilding of stores.

The net cost of the above items for the 28 weeks to 12th August, 1978 is £927,000 (1977 £229,000).

4. Taxation represents Advance Corporation Tax on dividends and taxation on overseas income. No provision is needed for any other taxation.

5. Work is currently being undertaken to establish the separate values of land and buildings. Pending its completion no provision for depreciation on freehold and long leasehold buildings has been included in the above statement as is required by Standard Statement of Accounting Practice No. 12.

The rate of loss in the food division (Caters) has been reduced considerably since the second half of the last financial year and the Board expects that this division will make a small profit for the full year. The operations of the photographic retailing business (Greens) continue to be unprofitable, but it is anticipated that the overall loss for the year will be lower than that reported for 1977.

The combined losses for these two divisions included in the above figures is £1,183,000.

The Directors have declared an interim dividend of 1.77608p per share (last year 1.59052p) amounting to £2,373,482 (1977 £2,125,495) payable on 8th December, 1978 to shareholders on the register on 3rd November, 1978. This dividend, with the related tax credit, represents a gross dividend of 2.65087p per share, a 10 per cent increase over the previous year.

Notice of Redemption

Nippon Electric Company, Limited

7½% Guaranteed Sinking Fund Debentures Due 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 15, 1969, under which the above described Debentures were issued, Citibank, N.A., as Trustee, has drawn by lot, for redemption on November 15, 1978, through the operation of the sinking fund provided for in said Indenture, $1,000,000 principal amount of Debentures of said issue of the following distinctive numbers:

COUPON DEBENTURES OF $1,000 PRINCIPAL AMOUNT OUTSTANDING

M 21	913	1172	1441	2011	3011	5433	6710	8163	9161	10310	11147	11601	12300	12740	13446	13790
44	916	1183	1443	2013	3079	5448	6711	8164	9163	10314	11149	11603	12303	12741	13455	13800
49	918	1187	1444	2018	3080	5449	6888	8168	9307	10320	11150	11604	12305	12743	13457	13818
50	919	1188	1446	2022	3154	5450	6896	8169	9309	10324	11151	11687	12306	12745	13471	13822
61	923	1190	1451	2026	3316	5626	6918	8170	9313	10325	11156	11689	12307	12747	13484	13823
83	927	1193	1452	2029	3317	5663	6919	8173	9314	10330	11165	11690	12310	12752	13485	13825
84	931	1195	1456	2032	3318	5664	6920	8203	9364	10334	11177	11691	12312	12755	13486	13857
118	932	1207	1457	2033	3402	5665	6923	8210	9365	10370	11181	11696	12319	12840	13487	13858
142	933	1213	1460	2034	3403	5666	6925	8211	9366	10542	11183	11697	12321	12841	13491	13860
145	936	1217	1468	2039	3404	5802	6927	8213	9371	10543	11184	11703	12334	12843	13499	13861
185	950	1218	1474	2047	3493	5803	6959	8351	9373	10544	11187	11772	12336	12921	13514	13862
187	958	1234	1484	2050	3494	5806	6960	8552	9376	10549	11188	11774	12337	12923	13517	13863
191	959	1236	1488	2055	3495	5807	6963	8553	9414	10550	11193	11776	12338	12928	13528	13867
231	963	1243	1489	2056	3589	5810	7152	8556	9415	10553	11195	11779	12343	12929	13529	13877
232	972	1244	1497	2068	3795	5811	7155	8563	9418	10555	11206	11780	12345	12930	13530	13878
245	973	1252	1519	2073	3796	5812	7157	8693	9422	10643	11215	11781	12366	12933	13531	13880
246	985	1254	1523	2074	3906	5873	7158	8694	9425	10644	11224	11785	12367	12946	13534	13881
383	986	1261	1524	2102	3907	5877	7159	8695	9496	10645	11232	11787	12371	13006	13540	13882
384	993	1271	1525	2104	4048	5878	7162	8697	9499	10647	11240	11789	12378	13010	13546	13888
385	1002	1275	1528	2107	4049	5879	7218	8698	9501	10648	11244	11792	12390	13011	13565	13893
429	1003	1280	1529	2116	4154	5921	7219	8699	9507	10652	11245	11849	12391	13013	13567	13894
447	1018	1281	1607	2130	4155	5922	7224	8702	9555	10655	11247	11856	12392	13016	13574	13896
452	1021	1289	1613	2133	4288	5923	7266	8703	9583	10733	11249	11857	12414	13019	13577	13897
487	1033	1296	1617	2138	4289	5924	7267	8705	9584	10734	11250	11920	12417	13023	13601	13898
509	1034	1297	1622	2145	4290	5954	7268	8747	9588	10735	11251	11923	12427	13030	13604	13901
512	1037	1298	1623	2156	4322	5966	7270	8748	9591	10737	11253	11926	12428	13081	13605	13902
514	1038	1304	1641	2159	4432	5972	7272	8749	9594	10739	11259	11927	12432	13082	13637	13908
530	1044	1310	1645	2166	4434	6077	7273	8750	9600	10741	11262	11933	12434	13086	13638	13909
536	1045	1311	1647	2169	4469	6078	7336	8752	9601	10750	11272	11937	12436	13088	13639	13911
539	1048	1314	1650	2334	4470	6079	7337	8756	9602	10815	11273	11987	12438	13089	13640	13912
540	1056	1318	1651	2338	4471	6081	7342	8757	9604	10817	11276	11990	12442	13096	13643	13913
542	1057	1324	1655	2387	4472	6083	7352	8762	9632	10819	11277	11991	12446	13102	13647	13918
549	1059	1326	1657	2398	4647	6234	7353	8792	9633	10820	11278	11992	12447	13105	13652	14235
553	1060	1346	1662	2401	4983	6235	7355	8793	9636	10826	11279	11996	12452	13110	13654	14238
555	1071	1347	1665	2404	4984	6236	7357	8799	9841	10835	11288	12003	12454	13153	13660	14239
558	1079	1351	1669	2409	4985	6237	7360	8803	9842	10885	11295	12007	12458	13158	13670	14240
560	1089	1352	1672	2412	4987	6255	7364	8804	9844	10895	11297	12049	12459	13159	13671	14410
566	1090	1360	1684	2423	5008	6256	7371	8805	9846	10899	11299	12050	12460	13166	13672	14411
571	1092	1362	1694	2424	5009	6259	7373	8835	9847	10904	11303	12052	12462	13167	13673	14412
573	1093	1364	1705	2437	5011	6261	7475	8840	9848	10908	11305	12055	12463	13175	13685	14415
586	1100	1365	1708	2438	5012	6262	7639	8842	9849	10949	11307	12066	12466	13177	13691	14416
588	1102	1369	1714	2441	5121	6271	7640	8846	9851	10950	11309	12074	12469	13187	13692	14419
589	1103	1370	1716	2442	5123	6370	7690	8861	9931	10951	11311	12096	12478	13219	13700	14420
590	1105	1375	1728	2443	5124	6372	7692	8862	9932	10968	11319	12098	12479	13220	13701	14457
594	1107	1376	1729	2470	5209	6376	7693	8863	9937	10970	11324	12102	12511	13222	13702	14779
597	1119	1379	1731	2471	5210	6380	7695	8865	10006	10972	11325	12103	12512	13223	13703	14782
598	1120	1383	1732	2474	5212	6381	7701	8930	10008	11012	11330	12110	12513	13224	13704	14783
600	1123	1388	1919	2476	5213	6513	7731	8931	10010	11016	11332	12112	12514	13232	13708	14784
758	1124	1389	1920	2564	5225	6514	7732	8933	10130	11018	11334	12120	12515	13233	13710	14788
760	1132	1403	1925	2705	5226	6545	7733	8942	10144	11026	11336	12121	12521	13243	13716	14795
763	1148	1405	1928	2706	5392	6546	7774	8944	10228	11029	11340	12145	12524	13255	13721	14798
765	1156	1412	1938	2707	5393	6547	7776	8945	10231	11057	11341	12147	12525	13374	13724	14956
766	1157	1415	1978	2747	5394	6548	7790	8946	10235	11058	11343	12151	12526	13404	13728	14958
776	1159	1418	1981	2758	5395	6590	8103	8947	10236	11059	11345	12153	12527	13406	13730	14966
779	1161	1421	1992	2760	5396	6591	8104	8948	10294	11116	11347	12159	12535	13419	13739	14988
864	1166	1422	1995	2761	5428	6701	8106	9054	10296	11130	11351	12168	12536	13430	13743	14995
896	1169	1427	1997	2762	5429	6703	8111	9154	10297	11133	11358	12278	12538	13440	13747	
899	1170	1435	2004	3007	5430	6704	8161	9155	10299	11144	11359	12281	12732	13441	13773	
904	1171	1437	2007	3010	5431	6705	8162	9157	10302	11145	11596	12282	12734	13443	13787	

The Debentures specified above are to be redeemed for said sinking fund at the WCG Bond Windows-2nd Floor of Citibank, N.A., 111 Wall Street, in the Borough of Manhattan, The City of New York, State of New York, the main offices of Citibank, N.A. in Amsterdam, Netherlands and Milan, Italy; The Chase Manhattan Bank (National Association) in Paris, France and Frankfurt/Main, Germany; The Bank of Tokyo, Ltd., London, England and Brussels, Belgium and at Kredietbank S.A. Luxembourgeoise, Luxembourg, as the Company's paying agents, and will become due and payable UPON PRESENTATION AND SURRENDER THEREOF on November 15, 1978, at the redemption price of 100 percent of the principal amount thereof plus accrued interest on said principal amount to such date. On and after such date, interest on said Debentures will cease to accrue.

Said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on said date with all interest coupons maturing subsequent to the redemption date appertaining thereto. Coupons due November 15, 1978 should be detached and presented for payment in the usual manner.

For NIPPON ELECTRIC COMPANY, LIMITED
By: CITIBANK, N.A., Trustee

October 13, 1978

FB FOSTER BROTHERS

INTERIM REPORT

SUMMARY OF RESULTS

for the six months to 31st August	1978 £000	1977 £000	Year ended 28th February 1978 £000
Group Sales	30,021	21,272	50,194
Profit before tax	3,951	1,415	5,367
Profit after tax	1,851	644	2,591
Interim Dividend	354 (6.376%)	236 (4.25%)	

Extracts from the Chairman's interim statement:

- In announcing interim figures a year ago, we said that we looked for substantial growth in profits in 1978 and subsequent years. The figures now reported demonstrate that the growth forecast is materialising.
- Turnover has been consistently buoyant and volume increases in excess of the national average have been achieved.
- We are confident of our ability to increase trading profits in the second half of the year over and above the £3.7m earned during that period last year and all companies of the Group will make a worthwhile contribution.

FOSTER BROTHERS CLOTHING COMPANY LIMITED

FOSTER MENSWEAR : DORMIE MENSWEAR : ADAMS CHILDRENSWEAR : DISCOUNT FOR BEAUTY

London & Provincial on course for record year

[illegible] ENCOURAGING trend, [illegible]tioned by the directors of [illegible]don and Provincial Poster [illegible] up at the end of last year, [illegible]e to fruition with pre-tax [illegible]lts for the first half of 1978 [illegible]ving a £436,000 advance at [illegible]95,000.

[illegible]e directors now say that the [illegible]nd half-year will show a con[illegible]ation of this trend, but due to [illegible] cyclical nature of the group's [illegible]ness the improvement will not [illegible] of the same order as that now [illegible]orted. Profit for the last full [illegible] was a record £2.08m.

[illegible]rnover for the first six [illegible]ths moved ahead from £5.33m [illegible]7m and as the table below [illegible]s the greater part of the [illegible]it improvement originated [illegible] UK operations.

	Six months 1978	1977
	£000	£000
[illegible]over	5,945	5,345
[illegible]	1,197	[illegible]
[illegible]	[illegible]	[illegible]
Overseas	[illegible]	[illegible]
[illegible] and rent	[illegible]	[illegible]
[illegible] of assoc	[illegible]	[illegible]
[illegible] before tax	1,195	759
[illegible] tax	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]ociates	[illegible]	[illegible]
[illegible]ordinary debits	30	[illegible]
[illegible] profits	24	[illegible]
[illegible]utable	600	[illegible]

* Credits.

[illegible]ith earnings per 50p share [illegible]ing an increase from 10.04p [illegible]4.97p the net interim dividend [illegible]ted from 2.093p to 3.42p at a [illegible] of £117,228 (£104,993). Last [illegible]'s final payment was 6.7017p.

Gross income was £2.79m compared with £2.52m, and directors say there was an additional £225,000 of income normally received in the second half.

The interim dividend is lifted from 0.6p to 0.75p to reduce disparity and directors say this should not be taken as an indication of an increase in the total for the year. Last time a 1.5p final was paid on record net revenue of £2.27m. Net asset value per 25p share is given at 91.3 [illegible] 79p at March 31 last.

The group makes, operates and sells automatic coin-operated photographic vending machines.

Photo-Me slows in second half

AFTER ITS £174,000 increase to £1,298,000 at half-time, growth in taxable profit at Photo-Me International slowed in the second half with the total for the year ahead from £2,016,050 to £2,225,664. Turnover was up from £16.2m to £19.54m.

After tax of £1,131,905 (£1,001,967), an extraordinary credit of £23,167 (£159,452 loss) and minority interest, attributable profit came out at £703,984 against £503,885 last time.

	1977-78	1976-77
	£	£
Turnover	19,544,164	16,195,925
Profit before tax	2,225,664	2,016,050
Tax	1,131,905	1,001,967
Net profit	1,093,759	1,014,713
To minorities	412,942	351,376
Extraordinary credit	23,167	*159,452
Dividends	136,054	88,368
Retained	567,134	420,725

* Loss

Earnings per 50p share are shown at 35.28p (33.03p) and the dividend total is lifted from 3.86p to 6.05p net by a final of 4.05p.

Lee Cooper well ahead at halfway

TAXABLE PROFIT of Lee Cooper Group bounded ahead from £1.4m to £2.48m in the June 30, 1978, half year on turnover well ahead from £23.8m to £31.75m.

After tax of £1.02m (£560,000) net profit came out at £1.46m against £840,000 last time.

Directors say that group activities are proceeding in a satisfactory manner and results for the full year should be "very good."

The interim dividend is up from an adjusted 0.81875p to 1.25p net per 25p share. Last year, on record profits of £3.7m, an equivalent 1.2373p final was paid.

Second half boosts M. P. Kent

FOLLOWING A £16,000 dip in first half profits to £387,000, a £304,000 second half improvement has left taxable profit of M. P. Kent 35.1 per cent higher at £1.11m in the June 30, 1978, year.

At halftime directors said they would be disappointed if the full year figures did not show a significant improvement on the previous year.

Turnover of the housing and property developer jumped from £9.04m to £13.67m and profit came after interest of £594,000 (£708,000). Net profit came out at £922,000 against £410,000 last time. The pre-tax margin on sales is given at 8.1 per cent compared with 9 per cent last time.

Earnings per share are stated at 8.5p against 3.7p, and the final dividend of 1.6p net lifts the total from 2.06p to 2.26p.

Directors say shareholders' funds now stand at £7.55m and following a £2.13m reduction in indebtedness gearing is down to 28.3 per cent of shareholders' funds.

They say that with exciting developments in the pipeline and the strength of the balance sheet they view the future with confidence.

Atlas Electric and General

[illegible]le tax of £927,644 compared [illegible] £752,749, net profit of Atlas [illegible]tric and General Trust [illegible]oved slightly from £1,236,842 [illegible]1,284,092 in the September 30, [illegible] half year.

Mills and Allen ahead in first quarter

Sir Ian Morrow, chairman of Mills and Allen International, outdoor advertising contractors and foreign exchange brokers, said at the annual meeting that profits for the first quarter were ahead of those for the corresponding period last year.

At September 30 borrowings were down by approximately £1m compared with the end of June. At June 30 the level of net borrowings had fallen from £9.4m to £4.9m.

Dale Electric International, manufacturer of diesel and battery based power systems, was performing up to target in the current year, Mr. Leonard Dale, chairman, reported.

He added: "Our invoiced sales in Dale Electric of Great Britain are up 39 per cent on last year—and yet we cannot keep pace with orders."

Market conditions were not easy, particularly on the export side. Nonetheless, the company had a full order book, taken without the need to cut margins, right up to the end of the current year and beyond.

Business at other main subsidiaries—Erskine and Houchin—was good, Mr. Dale stated. Erskine was well on target and Houchin was progressing well with an order book equivalent to six months' production.

Management accounts at Elbief Company indicated that the outcome of the first half would compare favourably with the same period of last year, the meeting was told.

Currently output was at a "gratifyingly high level" reflecting the good demand for all products, and the order book was satisfactory.

Goldman defers reconstruction

[illegible] capital reconstruction [illegible]ed by H. Goldman Group [illegible]een postponed. This decision [illegible]s the results for the eight [illegible]hs to June 30, 1978, which [illegible] losses from continuing [illegible]tions of £13,800 and from [illegible]d activities of £3,000. [illegible]is compares with a deficit of [illegible]79 and a surplus of £23,500 [illegible]ctively from these operations [illegible]e six months to April 30.

[illegible]ause of the tax implications [illegible]e figures a proposed change [illegible] counting date to a March 31 [illegible] end has been dropped and [illegible] current financial period [illegible]es on October 31, 1978, as

It is in these circumstances that the Board considered that the capital reconstruction announced in March should be deferred for the time being.

As known, Claremont Cash and Carry has been sold to Hostgate for £86,000, Hostgate being a company owned and controlled by Mr D. E. Chernett, managing director of Claremont and until September 30 a director of Goldman. The contract is conditional on prior shareholders' consent.

An ex-gratia payment of £10,000 to Mr. Chernett is proposed following his resignation from the group Board.

Turning to the remainder of Goldman, the directors say buoyant sales are anticipated by S. L. Green (London), B. M. and E. Adler (Cutlers) and Time Efficiency in the current year.

In 1976 77 the group recovered from a £176,740 loss to a £43,335 profit. In his annual statement Mr. R. Garner, the chairman, said that the prospects for the current year were good but was not satisfied the company had yet done all it needed to do. Ventures in an export market had indicated that it could do good business there. The change of year end was planned for practical trading reasons.

The company is a wholesaler of harware, clocks and watches, food and allied goods.

INTERIM STATEMENT

Collett Dickenson Pearce

Advertising agents

Half-yearly report
Six months to 30th June 1978

The directors present the unaudited group results for the six months to 30th June 1978.

	Six months to 30th June 1978	Six months to 30th June 1977	Year to 31st December 1977
	£	£	£
Trading profit before taxation	904,408	542,621	1,386,259
Taxation	547,912	334,456	925,758
Profit after taxation	356,496	208,165	460,501

The directors have declared an interim dividend of 1.7381p per share payable on 27th November 1978 to shareholders on the register on 27th October 1978. With the related tax credit this dividend is equivalent to 2.5941p per share which represents a 10% increase over the interim dividend of 2.3583p paid in 1977. The net cost to the company of this payment is £57,941 (1977–£51,887).

The pattern of trading continues to change, and the trading profit for the six months to 30th June 1978 is expected to be well above half that for the whole year. The profit for the year is however expected to be above that for last year.

Clients and products handled by Collett Dickenson Pearce and Partners, London: Abbey Life, Alcan Windows, Barclays Bank, Birds Eye Foods (Cod in Sauce, Crispy Fish, Pies, Beefburgers, Roast Meats, Ready Meals, Cakes), The Building Societies Association, Carnation Foods (Slender Slimming Food, Go Cat, Go Dog), Central Office of Information (TV Licence Evasion, Army Officer Recruitment, Queen Alexandra's Nurses), Cinzano, Clarks Limited (Shoemakers), Cunard, Express Newspapers, Domecq's Sherries, Dunn & Co., EMI Records, Fiat, Fine Fare, Formica, Gallaher (Benson & Hedges, Silk Cut, Hamlet Cigars, Mellow Virginia Pipe Tobacco, Gold Bond), GKN, Heinz (Big Soups, Low Calorie Soups), Hovis Bread, ICI (Vymura Products), J&B Rare Scotch Whisky, Mary Quant Cosmetics, Metropolitan Police, Myer's Beds, Nabisco (Hovis Crackers), Olympus Cameras, Parker Pen, Pretty Polly Stockings, Reckitt & Colman (Supersoft, Mr Sheen, Jif Products, Robinson Drinks, Windolene), RHM Foods (Paxo), Ronson (Shavers, Hairdryers, Toothbrushes), Texaco, Trebor Limited, Walls (Sausages, Bacon, Pies), Whitbread (Heineken, Pale Ale, Gold Label, Mackeson, Long John, Stella Artois).

Issued by Collett Dickenson Pearce International Limited.

Austin Reed advances to £1m at halftime

FOR THE 27 weeks to August 5, 1978, taxable profit of Austin Reed Group, menswear retailer and manufacturer, reached £1.01m compared with £0.75m in the same period last year. Turnover was higher at £16.28m against £15.78m.

Mr. Barry Reed, the chairman, says there has been a complete reversal of trends since a year ago when the group benefited from the upsurge in tourist trade in London's West End. To date, 1978 has shown a return of confidence on the part of the UK consumer with a marked increase in sales in its provincial outlets.

It's Dutch shops traded profitably in the half-year, while business remains difficult in Scandinavia. The group has accepted a substantial offer for its Copenhagen property, and this store will cease trading. The Brussels store has been closed and no further trading losses will be incurred, he says.

In the manufacturing division Honorbilt and Harry Hall produced satisfactory results. The lower turnover in the period was owing to last year's reorganisation of Stephens Brothers, the shirt maker, which is now operating profitably.

In the last three months the newly acquired Chester Barrie Clothes has been absorbed into the group and its spring production has been sold, with Reed directors encouraged by the response from the trade and from the workforce. They are confident Barrie will be a valuable source of future income.

Mr. Reed says that given a continuing upturn in confidence in the UK and some improvement overseas, the results for the year should again be satisfactory. Last year a record £2.53m profit was achieved.

After tax of £526,000 (£392,000) net profit was ahead from £358,000 to £486,000. The interim dividend is raised from 1p to 1.1p net per 25p share. Last time a 1.85897p final was paid.

	27 weeks 1978-79 £000	1977-78 £000
Turnover	16.529	15.784
UK retail	10.659	[illegible]
Overseas retail	3.629	3.346
Trade sales	2.340	2.657
Profit before tax	1.012	750
Tax	526	392
Net profit	486	358
Minorities	9	[illegible]
Pref. dividends	10	10
Attributable	467	331
Ordinary dividends	[illegible]	115
Retained	340	216

Feb Intl. increases to £204,000

FROM TURNOVER ahead at £4.9m, compared with £4.67m, pre-tax profit of Feb International, builders' merchant, rose from £133,000 to £204,000 on the six months to June 30, 1978.

Mr. Gordon Fisher, the chairman, says there has been a steady increase in trading in the latter months as compared with the earlier months of the year, which is reflected in the increased profits. Provided this pattern continues, the full year's trading should produce satisfactory results, he says. For all last year a peak £321,000 profit was achieved.

The figures for 1977 include the results of discontinued operations but not the £176,000 surplus from the sale of three builders' merchants depots in November, 1977.

The interim dividend is up from 0.66p to 0.737p. A 1.1p final was paid last time. Mr. Fisher and his wife are waiving the interim payment on 500,000 shares.

	Half-year 1978 £000	1977 £000
Sales	4,901	4,868
Trading profit	325	268
Depreciation	49	43
Interest payable	[illegible]	49
Pension fund	56	43
Profit before tax	204	133

RICKMANSWORTH

In yesterday's comment on Rickmansworth's offer for sale by tender the franked income return of 14.5 per cent was calculated at par. At the minimum tender price the figure is close to 15 per cent.

BIDS AND DEALS

Attock Petroleum adding to oil and gas reserves

BY KEVIN DONE, ENERGY CORRESPONDENT

Attock Petroleum, the investment holding company, has reached agreement in principle to take over Cambridge Petroleum Royalties, an unlisted public company.

The merger—through an offer by Attock for the capital of Cambridge—is part of Attock's attempt to build up its oil and gas reserves.

Cambridge's major interests are small royalty stakes in three oil and gas fields, the North Sea Brae Field, the Kinsale Head gas field off southern Ireland and the Badak Field in Indonesia.

The Kinsale and Badak Fields are already in production. Development plans for the Brae Field, one of the most complicated structures in the North Sea, are currently being prepared by Marathon, the field operator.

Attock's interests are chiefly in Pakistan and the Gulf of Mexico.

It still holds a 49 per cent share in the Attock Oil Company, which has a production and refinery business in Pakistan. Last year it sold the other 31 per cent of this company to Kuwait International Finance for £2.3m.

At the beginning of this year it began to build up its interests elsewhere by buying a £2m stake in three oil- and gas-producing fields in the Gulf of Mexico, and the takeover of Cambridge is its latest move to broaden its interests.

Attock's share listing was suspended at 86p until offer documents have been sent out, and the merger depends on the outcome of an independent appraisal of both companies' oil and gas interests.

Attock's major aim in the merger is to build a stronger financial base and to broaden the geographical spread of its interests.

In its last report Cambridge showed net assets of about £2.8m. There are 4m shares in issue, which have traded recently at just under £1. Attock has a net asset value of some £4.25m comprising its U.S. and Pakistani interests and cash reserves of some £1.3m.

BOOKER TO BUY HULL SUPPLY FOR £950,000

Booker McConnell and Hull Supply Company have reached agreement in principle that Booker will acquire the capital of Hull for £950,000 cash, subject to property values and other factors.

Depending on the legal formalities, it is expected that the transaction will take effect from the end of October.

Hull has a turnover of £16m and it operates the following businesses: a delivered wholesale grocery business in Humberside for the Mace voluntary group and adjacent areas of Yorkshire and Lincolnshire: four wholesale grocery cash-and-carry depots also for Mace, five retail food shops, and a wine agency, Christopher Tatham (Wines).

CENTREWAY TALKS WITH WHITEHOUSE

The Boards of Centreway and George Whitehouse (Engineering) have requested the Stock Exchange to suspend the listing of both companies pending the outcome of discussions which may lead to a merger of certain interests.

A further announcement will be made as soon as possible.

FURNESS WITHY ENGINEERING

Furness Withy (Engineering) is to pay 120p cash for the 62,259 shares (about 24.3 per cent) it does not own in Compugraphics International.

Net assets of Compugraphics including £96,210 investment grants at end 1977 (the date of its last published accounts) amounted to £297,879 and its pre-tax profits for 1977 were £69,102. It is the intention of Furness Withy Engineering to continue to develop the business of Compugraphics.

The Board of Compugraphics has agreed to recommend the proposal to its shareholders, and the directors intend to vote in favour.

The formal documents will be sent to Compugraphics' shareholders by Rea Brothers acting on behalf of Furness Withy Engineering, as soon as possible. John M. Geoghegan and Company, Chartered Accountants, advised Compugraphics.

Norwest Holst £3m. buy

Norwest Holst, the civil engineering and building group, is paying £3m for Robert McGregor, the family-owned civil engineering and opencast mining specialist.

Norwest, which has for some time been in search of an acquisition to spread its base and provide more civil engineering capacity, is buying McGregor on deferred terms. Of the total purchase price, £1m cash has been paid now and £1m will be paid on the next two anniversaries of the completion date.

McGregor has a turnover of about £12m and at present its activities are predominantly in the UK. Apart from enabling Norwest to expand its civil engineering capacity, the purchase will also provide it with some new operating areas.

McGregor undertakes extensive opencast mining work for the National Coal Board Opencast Executive, a field into which Norwest has been attempting to break. Norwest already has an earthmoving business, which is seen as complementary to the opencast activities.

The acquisition is also expected to give Norwest some trunk road contracting work. In addition, McGregor has developed in conjunction with British Rail the PACT system of paved concrete railway track which is being used in the UK, Australia, New Zealand and Spain. The company expects sales of the system to expand rapidly.

Mr. Ted Brian, chief executive of Norwest, said McGregor's growth had in the past been restrained because of a lack of financial resources but that now the company could plan for substantial expansion.

LADBROKE

Ladbroke Group has exchanged contracts with Fairlane Motor Hotels for the purchase of the Fairlane Motor Inn at Hornchurch, Essex, for £1.8m cash.

The Fairlane, situated on the Southend Arterial Road, has 145 bedrooms and extensive conference and banqueting facilities.

FIH/RANDALLS

Ferguson Industrial Holdings has completed the acquisition from Throgmorton Trust of 324,857 shares in Randalls, the consideration being satisfied by the issue of 288,761 new ordinary shares in FIH. As a result, FIH now owns a total of 624,857 ordinary shares in Randalls, representing 24.57 per cent of its equity.

Further to the announcement of September 20, that preliminary discussions were taking place which might lead to an offer for Randalls, the Board of FIH now announces that it has not yet proved possible to reach agreement on the terms on which a recommended offer could be made.

TRIDANT GROUP

The directors of Tridant Group Printers, who are now supporting the rival £4.5m bid from Argus Press Holdings, say in the offer document that they welcome this latest approach which will allow Tridant to develop but retain its separate identity. The directors had earlier said they would support a £3.8m bid from Starwest Investment Holdings.

VANTONA/COMPTON

On October 11 N. M. Rothschild and Sons purchased 600,000 J. Compton Sons and Webb (Holdings) ordinary shares at 74½p, and 200,000 at 74p on behalf of Vantona Group.

SHARE STAKES

Hampton Trust' Foster and Braithwaite has bought 380,000 ordinary shares on account of Mr. J. E. and Mrs. H. Harris as trustees of N. Davidson Discretionary Trust.

Hampton Trust: Foster and Braithwkaite has bought 380,000 ordinary shares on account of Anglo-Ped Investments.

Morris and Blakey Wallpapers: A. G. Stanley Holdings now holds 219,001 (11.83 per cent) ordinary shares.

Andersons Rubber Company—Following the issue of an additional 400,000 ordinary shares and undermentioned directors have made the following purchases; Mr. R. A. Chermside 22,357, Mr. R. G. Fenton 3,722, Mr. D. A. Harris 2,250 and Mr. J. W. MacColl 375 shares. Mr. T. L. Taylor, not a director (and family interest), has purchased 36,700 ordinary shares.

Racal Electronics—E. T. Harrison, chairman, has sold 45,000 shares.

Kelsey Industries—P. B. Arbib, director, has sold 18,752 10 per cent preference shares leaving holding 7,000 shares (0.45 per cent). He has bought 17,500 ordinary shares making holding 375,820 shares (9.79 per cent).

Carless, Capel and Leonard—Mr. J. T. Leonard, director, has sold 98,000 shares out of a beneficial family holding.

NOTICE OF EARLY REDEMPTION

To The Holders of

Curaçao Tokyo Holding N.V.

10¼ per cent. Guaranteed Notes due 1981

The Bank of Tokyo Trust Company hereby announces that Notes in the principal amount of U.S. $6,000,000 have been drawn in the presence of a Notary Public for the mandatory redemption instalment due on 15th November, 1978 (which includes the option to redeem additional Notes at par).

The serial numbers of the Notes drawn are as follows:

The following Notes drawn for redemption at par on 15th November, 1976 and 1977 have not yet been presented for payment:

13 14 115 314 322 327 434 436 442 1038 1039 1122 1126 1130 1133 1190 2670 2672 3207 3680 7474 9362

Holders of the remaining outstanding Notes are reminded that in accordance with the Notice of Early Redemption published on 3rd October, 1978, the Company has elected to redeem all such Notes at 100½ per cent. of the principal amount thereof on 15th November, 1978.

Payments of principal and premium (if applicable) in respect of Notes to be redeemed on 15th November, 1978, and payments of interest in respect of Coupons maturing on that date will be made against surrender of the relevant Notes and Coupons on or after 15th November, 1978 at the principal office of: **The Bank of Tokyo Trust Company, 100 Broadway, New York, N.Y. 10005** or at the principal office of one of the other Paying Agents specified on the reverse of the Coupons.

Interest on the Notes to be redeemed on 15th November, 1978 will cease to accrue from that date. Notes should be presented for redemption together with all unmatured Coupons, failing which the face value of missing unmatured coupons will be deducted from the sum due for payment.

Dated: 13th October, 1978.

THE BANK OF TOKYO TRUST COMPANY
As Fiscal Agent

This announcement appears as a matter of record only.

Crédit Populaire d'Algérie

¥5,000,000,000

Medium Term Loan

Managed by

The Tokai Bank, Limited

Provided by

The Tokai Bank, Limited
The Chiyoda Mutual Life Insurance Company
The First National Bank of Boston
Banque Nationale de Paris
Banca Commerciale Italiana
Chemical Bank
Continental Illinois National Bank and Trust Company of Chicago
Deutsche Bank
Irving Trust Company
Manufacturers Hanover Trust Company
Union de Banques Arabes et Francais-UBAF

Agent Bank

The Tokai Bank, Limited

October 1978

MUAR RIVER RUBBER CO.

LIMITED

Sir John D. Barlow Bart.'s Review

The fifty eighth annual general meeting of the Company was held in London on 11th October 1978.

SIR JOHN D. BARLOW Bart., the chairman said:

RECORD PROFIT

The trading profit after charging replanting, for the year ended 31st March 1978 of £822,000 was a record.

Rubber earned £328,000, cocoa profit doubled to £156,000 and investment income was £376,000. £38,000 was spent on replanting other crops.

The dividend to be paid to members is 0.48335p per 10p share and is 10% more than the previous year.

The report and accounts were adopted.

The war that never ends

We British are a peaceful people. When a war is over we like to consign it to the history books – and forget it.

But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten; the widows, the orphans and the children – for them their war lives on, every day and all day.

In many cases, of course, there is help from a pension. But there is a limit to what any Government Department can do.

This is where Army Benevolence steps in. With understanding. With a sense of urgency . . . and with practical, financial help.

To us it is a privilege to help these brave men – and women, too. Please will you help us to do more? We must not let our soldiers down.

The Army Benevolent Fund

for soldiers, ex-soldiers and their families in distress

Dept. FT, Duke of York's HQ, London SW3 4SP

Bowthorpe Holdings Limited

Results for the half year to June 30, 1978

Pretax profits	£3·3m	(£3·01m)
Sales	£21·89m	(£18·83m)
Earnings per share	4·1 pence	(4·1p)
Interim dividend	0·838 pence	(0·75p)

Payable on December 15 to Shareholders at the close of business on November 17

"As forecast in the 1977 Annual Report, the Group's pre-tax profits continue to increase, and in the half-year to 30th June, 1978 have risen by approximately ten per cent over the same period in 1977."

RAY PARSONS, Deputy Chairman

For a copy of the Interim report, please write to The Secretary, Bowthorpe Holdings Limited, Crawley, West Sussex RH10 2RZ.

The Bowthorpe Hellermann Group
British-based, serving industry throughout the world.
Bowthorpe-Hellermann Group, Gatwick Road, Crawley, West Sussex RH10 2RZ
Tel: Crawley (0293) 28888
Bowthorpe EMP, Bowthorpe-Hellermann Distributors, Hellermann Deutsch, Hellermann Electronic Components, Hellermann Insuloid, Hellermann Electric, Redpoint Group, Power Development Ltd
Overseas subsidiaries and associates in Australia, Brazil, France, Germany, Japan, New Zealand, South Africa, Switzerland and USA

THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED

U.S. $15,000,000

Negotiable Floating Rate Certificates of Deposit Maturity Date 13th October 1981.

In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the initial six month interest period from 12th October 1978 to 12th April 1979, the Certificates will carry an interest Rate of ten and five sixteenths per cent per annum ($10\frac{5}{16}$%)

Reference Agent

Nippon European Bank S.A.

GENERAL SHOPPING SA

SOCIETE HOLDING INTERNATIONALE POUR LE COMMERCE DE DETAIL

Registered Office: Luxemburg, 5, Boulevard Royal

Notice is hereby given that the

ANNUAL GENERAL MEETING

of General Shopping SA will be held in the Conference Room of Banque Internationale a Luxembourg SA, 2, Boulevard Royal, Luxemburg, on 25th October 1978, at 11.00 a.m.

AGENDA

1. Report of the Board of Directors and Statutory Auditors on the Business Year ended 30th June, 1978.
2. Approval of the Balance Sheet and Profit and Loss Account for the Business Year ended 30th June, 1978.
3. Application of the Net Profit.
4. Discharge of the Board of Directors and the Statutory Auditors.
5. Elections.
6. Miscellaneous.

The resolutions on the Agenda of the Annual General Meeting do not require a special quorum and will be passed by a simple majority of the votes of the Shareholders attending, with the proviso that no person is entitled to vote for himself or by proxy for more than on-fifth of the issued share capital or two-fifths of the share capital present or represented at the meeting.

Holders of Bonds issued by the Company are entitled to attend the meeting but without voting power.

In order to be entitled to attend the above General Meeting the Shareholders—according to Article 37 of the Articles of Incorporation—must deposit their Share Certificates at least 5 days prior to the meeting (in this case on Thursday, 19th October at the latest) with the Bank mentioned hereafter. Against deposit of Share Certificates the following Bank in the United Kingdom will then issue Entrance Cards for the meeting:

WILLIAMS AND GLYN'S BANK LTD., LONDON

as well as all other Banks assuring the financial service for the Company in *other countries.*

Luxemburg, 23rd August 1978.

For the Board of Directors:
R. H. LUTZ, Chairman

This advertisement appears as a matter of record only

Instituto Ecuatoriano de Electrificación

(INECEL)

U.S. $50,000,000

Medium Term Loan

Guaranteed by

The Republic of Ecuador

Managed by

Interunion-Banque

Banque Belge Limited (Société Générale de Banque Group)	Canadian American Bank S.A.
Marine Midland Limited	The Tokai Bank Limited

Co-managed by

BankAmerica International Group	Merrill Lynch International Bank Limited

Provided by

Banco Urquijo, S.A. New York Agency	Bank of America NT & SA
Banque Belge Limited (Société Générale de Banque Group)	Barclays Bank S.A., Paris
Canadian American Bank S.A.	The Chuo Trust and Banking Company Limited
Coutts and Co.	European American Bank and Trust Company
European Brazilian Bank Limited - EUROBRAZ	International Westminster Bank Limited
Interunion-Banque	Investitions- und Handels-Bank AG London Branch
Japan International Bank Limited	Kredietbank S.A. Luxembourgeoise
Marine Midland Bank	Merrill Lynch International Bank Limited
The Mitsubishi Trust and Banking Corporation	The Mitsui Trust and Banking Company, Limited
The National Bank of Kuwait SAK	Pierson, Heldring and Pierson (Curaçao) N.V.
The Royal Bank of Canada International Limited (Nassau)	The Saitama Bank, Ltd.
The Taiyo Kobe Bank Limited	The Tokai Bank Limited
Toronto Dominion Bank de Panama S.A.	The Toyo Trust and Banking Co., Ltd.

United International Bank Limited

Agent Bank

Marine Midland Bank

[illegible]

This advertisement appears as a matter of record only

Office National du Matériel Hydraulique

(ONAMHYD)

U.S. $60,000,000

Medium Term Loan

Guaranteed by

Crédit Populaire d'Algérie

Managed by

Interunion-Banque

Bayerische Vereinsbank	Tokai Bank Nederland N.V.

Co-managed by

Barclays Bank S.A., Paris	Crédit Commercial de France
First National Bank in Dallas	International Resources and Finance Bank S.A.
SIFIDA Investment Company	Standard Chartered Bank Limited

Provided by

Associated Japanese Bank (International) Limited	Banque Française du Commerce Extérieur
Banque Française de Crédit International Limited	Banque de l'Indochine et de Suez
Banque Internationale pour l'Afrique Occidentale (B.I.A.O.)	Banque Nationale de Paris
Barclays Bank S.A., Paris	Bayerische Vereinsbank International S.A.
Crédit Commercial de France	Crédit Commercial de France (Moyen-Orient) S.A.L.
Crédit du Nord	First National Bank in Dallas
International Resources and Finance Bank S.A.	Interunion-Banque
Japan International Bank Limited	Midland Bank Limited
Saitama-Union International (Hong-Kong) Limited	SIFIDA Investment Company
Société Générale	Standard Chartered Bank Limited
The Bank of Yokohama Limited	Tokai Bank Nederland N.V.

Union Méditerranéenne de Banques

Adviser to the Borrower

Crédit Populaire d'Algérie

Agent Bank

Standard Chartered Bank Limited, Paris

13 September 1978

ENERGY REVIEW: THE ELECTRICITY SUPPLY INDUSTRY BY JOHN LLOYD

A strong whiff of gunpowder from the reorganisation battle front

CK BENCH MPs often feel mselves to be members of a ressed minority. This feel- derives from their relation- p to the government of the , and their view—which at moment seems to be grow- stronger—that they have n reduced to the status of l-stamping machines.

Therefore when a back bench omittee found itself in what laimed was the unique posi- n of scrutinising a Bill ore it came before the House Commons, it was rather sur- ing that that Bill received attention from the back- chers than might have been ected.

The Committee was Sub- nmittee "B" of the Select nmittee on Nationalised In- tries, and the object of its ntion was the re-organisa- of the electricity industry. routine examination was le unique by the Committee nbers being able to examine raft Bill on the industry's ructuring, which had been lished as an annexe to last l's White Paper, "Re- anisation of the Electricity ply Industry."

The reason the Committee nbers were privileged in this is because the Government minority one. The Liberal ty had indicated to Mr. hony Wedgewood Benn, the rgy Secretary, that it was prepared to support the posed legislation—so Mr. n published the draft, and Committee "B" was lled a beady draught of pre- slative power. The political on is that where Govern- its are weak back benchers ome relatively stronger. The imittee pressed home the it with a call for pre-legis- e hearings to become stan- l (citing Mr. Benn's support his).

Accident

The irony of the Committee's rt, published last month, that while it stressed the ueness and value of examin- a subject in the manner the mittee did, reports of the ue and valuable exercise st wholly ignored the object e Committee's enquiries in favour of the exercise itself. Naturally, Press reports are not the responsibility of the Committee; yet both in the report and at the Press conference introducing it, the Committee laid greater stress on the desirability of continuing a practice begun by parliamentary accident than on the much duller subject of electricity. In fact, the Committee was right—the report of its hearings is valuable, because it allows the various interests in and around the industry to deploy the arguments in public view which they would otherwise have rehearsed privately in the anterooms of power.

1970 Bill

The electricity supply industry has waited ten years for reorganisation. In 1968, a private committee of civil servants and industry representatives began work on proposals to restructure electricity supply, which culminated in the 1970 Electricity Bill. That Bill provided for the strengthening of the Electricity Council (to be re-named the Electricity Authority) by giving it control of the industry's capital development programme. Introduced early in 1970 by the then Minister of Power—Mr. Anthony Wedgwood Benn—it passed its second reading in April only to fall with the Labour Government later in the year.

The Conservative Government of 1970-74 did nothing about the industry, but agreed that something should be done. In 1973, during an enquiry by the Select Committee on Nationalised Industries on capital investment procedures, Mr. Tom Boardman, the then Industry Minister, commented that "with the (existing) structure I think it is more difficult for the strategy to be settled centrally and the task of planning then to be devolved down to the various parts of the industry."

In December, 1974, the second Labour Government of that year appointed the Plowden Committee to come up with the definitive answer. Reporting a year later, Plowden recommended the unification of the industry by the establishment of a Central Electricity Board,

Mr. Anthony Wedgwood Benn—setting out to replace the 'arm's length' approach to the public industries with the 'Benn embrace'

with centralised generation and distribution departments beneath it. Maximum authority was to be devolved to the operating units, and cost centres established at each unit.

Following the publication of the Plowden Report in January, 1976, the Energy Secretary—by this time, Mr. Benn—held consultations with management and power unions before beginning to draft what became the White Paper and draft Bill published in April. It is here the debate begins.

During the past decade, the general view has been that the industry should be unified (though the Liberal Party is not part of this consensus, and indeed refused to support Mr. Benn's Bill—because it favoured autonomous regional Boards). The argument which Sub-Committee "B" uncovered within the industry does not concern structure so much as who controls the structure.

Plowden had recommended that the electricity industry be, in effect, monolithic, in the sense that it should be, like the Post Office or British Gas, independent of Government beneath Board level. It would also be free of any directives which might constrain it to follow short-term government economic policy (though its responsibilities should include the need for energy conservation). It was to be a wholly commercial enterprise.

Mr. Benn's approach was quite different. As he said in his evidence to the sub-committee:—

"I am absolutely certain that, if we wound up all the local area Boards and made their appointments part of the career structure of the industry, the link between the area Boards and their customers would be less. Although I make no criticism of it, I think the gas industry has lost, to some extent, by not having this, and the degree of experimentation that is possible when you have local Boards with a little bit of statutory authority."

And again, later in his evidence to the Committee, more forcefully:—

"I must tell the Committee that the big decision here is, do you want the industry, with its impact on every household in the land, with its impact on the supplying industries, with its impact on the other fuel industries, and its links with industry and the people as a whole, and the regions, to be weakened or not

If you want to weaken them, then the right thing to do is to hand over the whole caboodle to the new Electricity Corporation (as recommended by Plowden). You will not be able to put down Parliamentary questions, not really, because the Minister will say that this is a matter for the industry entirely—and I think this is a very big decision, whether we do want to endorse and enshrine a new structure which separates the nationalised industries from the community, from Parliament, or whether we do not, and I take the view that the time has come to look at the nationalised industries in a new way that establishes and reinforces their links with the community and does not separate them off as a private or public corporation with very few links with the rest of the community."

Unified

It is clear, then, that the Plowden proposals, and the drive to restructure the industry on more flexible and unified lines, met a reforming minister who has ideas about the power and relationships of nationalised industries in general and of the electricity supply industry in particular. Some among the Plowden Committee, the unions and the management, were prepared to live with Mr. Benn's ideas if very unwillingly. Others thought his ideas completely inappropriate—according to Sir Alan Wilson, a deputy chairman of the Electricity Council and a member of the Plowden Committee, they "vitiated the proposals of our report, 100 per cent."

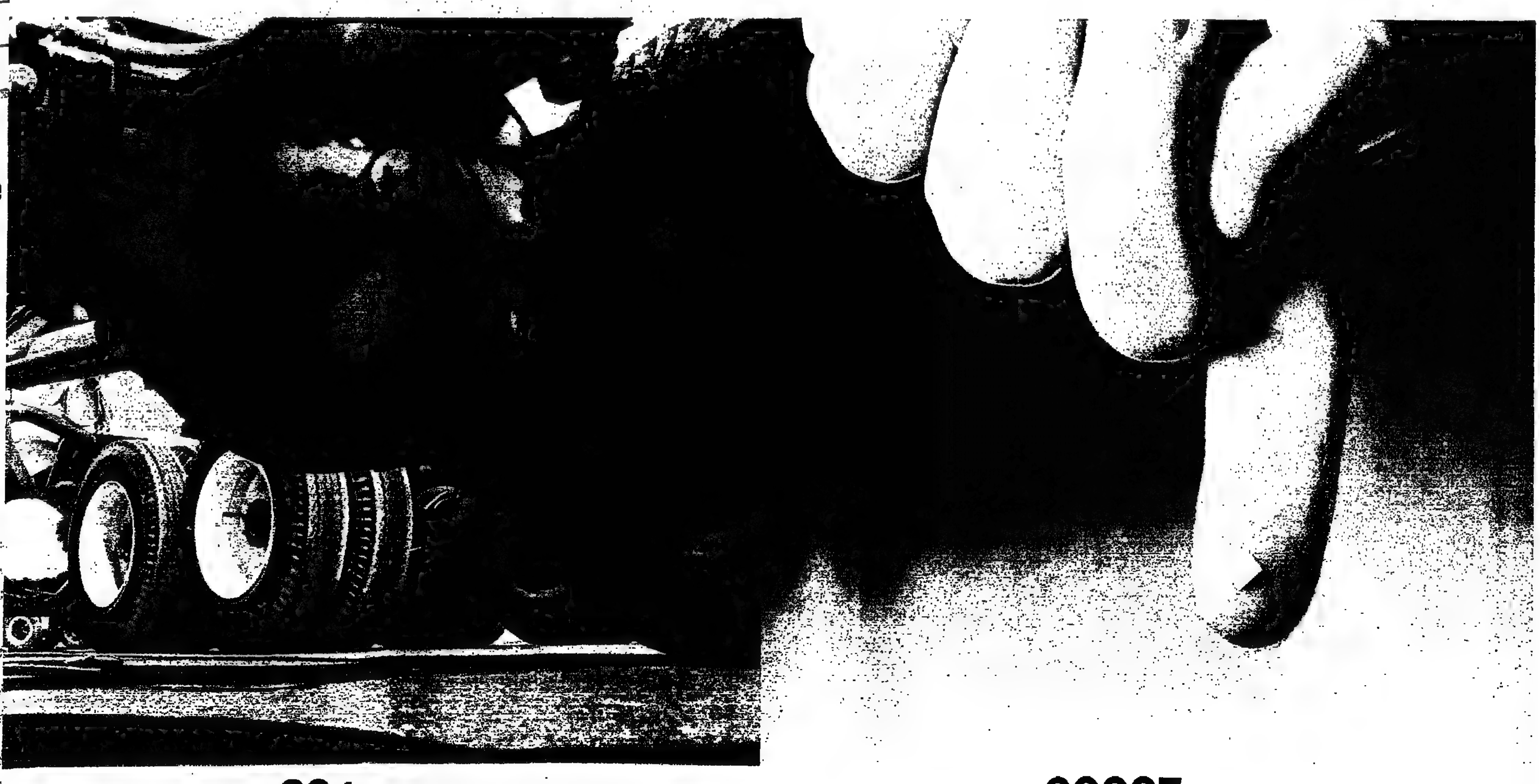
Mr. John Lyons, secretary of the Electrical Power Engineers Association, said in his evidence that: "We do not want to argue that the industry must be dominated by a commercial criterion to the extent that it ignores other obligations but you have to have a balance and I would argue that the Minister is getting the balance wrong. That could have very profound consequences for the way the industry is run in the future."

Mr. Benn is thus confronting an industry which is united in wishing to be commercial, and as free as possible from government directives. It is not a battle which will have an early outcome. In the first place, there is little possibility of the Bill finding acceptance in the next session of Parliament, and that in turn means that restructuring returns to its ten-year long limbo. In the second place, Mr. Benn sees the electricity industry, and the Central Electricity Generating Board, as a major obstruction to the development of a UK energy policy.

Cornerstone

In an interview with the Financial Times earlier this year, and in his evidence to the sub-committee, Mr. Benn stressed that the CEGB's freedom to order oil, coal, gas or nuclear power virtually as it wishes distorts energy policy and in particular may have a deleterious effect on the long-term future of the coal industry, which he regards as the cornerstone of the UK's future energy supplies. Yet he has not the power at present effectively to intervene and direct it to do as he wishes. Thus he wants a new relationship, arguing that only the Government can take the broader view and that it is right that it should intervene because the industry is a public one and it must be subject to democratic control. In this sense he is out to re-define the Herbert Morrison "arms length" approach to the public industries, which has become part of Whitehall wisdom, and replace it with what might come to be known as the "Benn embrace."

The battle remains joined: and in the pages of the Ninth Report of the Select Committee on Nationalised Industries (re-organising the electricity supply industry: pre-legislative gearings), we get a spectator's view of the field and a strong smell of the powder. We must be grateful to the Committee for sending such full despatches from the front.



INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Further blow to Occidental bid attempt

By Our Own Correspondent

NEW YORK, Oct. 12.

OCCIDENTAL PETROLEUM was today confronted with another obstacle to its proposed $1bn acquisition of Mead Corporation in the shape of a civil anti-trust suit filed by the U.S. Department of Justice.

Filing of the suit came less than 24 hours after the State of Ohio's Securities Division was recommended to bar registration of Occidental's tender offer to Mead shareholders on the grounds of inadequate disclosure of information.

The Justice Department move is potentially more serious for it could involve long and complicated litigation and might tarnish the potential attractions of Occidental's offer to Mead shareholders. In any case, it may impose a further delay on the issue of the tender offer which is based on new Occidental preferred and convertible preferred stock.

..SzuHu

In a brief statement the Justice Department revealed that it was basing its anti-trust case on the allegation that Occidental and Mead have "overlapping interests in sodium chlorate, coal and carbonless copy paper."

THE Department alleges that the acquisition would raise Occidental's share of U.S. sodium chlorate capacity to 48 per cent from 45 per cent. The chemical is used by the paper industry to bleach pulp, and production is concentrated on a few companies, says the justice department. In addition, it is alleged that Mead's ownership of 10.4 per cent of eastern U.S. coking coal reserves would raise the proportion controlled by Occidental to 13 per cent.

Lastly, Mead's production of 24 per cent of U.S. carbonless copy paper allied to Occidental's status as the largest manufacturer of resins used in the production of the paper, would reduce competition in both the copy paper and the resin markets.

Mead has also filed an anti-trust suit against Occidental containing the same general allegations.

The Department alleges in the suit filed in the Federal District Court at Dayton, Ohio, that the proposed acquisition would violate section 7 of the Clayton Act, which deals with the anti-competitive aspects of mergers.

It is asking for the acquisition to be declared illegal and for a temporary restraining order pending a final judgement. This preliminary injunction would prevent Occidental from acquiring any Mead stock and from consolidating the two businesses in any way.

David Lascelles adds from New York: Mead today reported continuing strong growth in sales and earnings. Third quarter results show a 30 per cent increase in sales revenues to $606m, while earnings were $35.6m or $1.54 a share, up 28 per cent on the same period last year.

Mr. Warren Batts, president, said that strong demand for both coated and uncoated white paper was an important factor behind these figures, and that the outlook for the rest of the year was favourable due to increases in both linerboard and pulp prices.

Outside forest products, Mr. Batts said the consumer goods and distribution areas were ahead

IBM third quarter shows breakthrough in earnings

BY JOHN WYLES

NEW YORK, Oct. 12.

INTERNATIONAL Business Machines reported a substantial earnings pick-up in the third quarter after a period of only modest profits growth.

Net income rose 18.2 per cent from $690m ($4.66 per share) to $816m ($5.60 a share) on a 15 per cent increase in gross income from $4.58bn to $5.28bn. These results are very much better than the 2.8 per cent profits rise in the first quarter and the 5 per cent improvement in the second, and are pretty much in line with expectations. Shipments of the company's new 3000 series of computers are rising and have helped IBM to a 10.6 per cent increase in gross income from rentals and services during the first nine months.

The company's nine month's earnings have turned in at $2.1bn $14.34 a share versus $1.9bn or $12.92 per share. Gross sales were $14.6bn, versus $13.1bn.

Mr. Frank T. Cary, IBM chairman said that data equipment purchases were higher than last year in both the third quarter and the nine months.

"While earnings comparisons for the quarterly and year to date periods show improvement over the six month report, growth in costs and expenses continues to reflect the pressures of inflation and the ongoing build-up of resources to meet strong customer demand. Incoming orders continue to show substantial increases over the already high order rates experienced in the corresponding 1977 period."

Mr. Cary said that the nine months figures included $99m of exchange gains consisting largely of unrealised profits from the translation of foreign currency assets and liabilities. In the same period last year IBM lost $36m through dollar fluctuations.

Hertz boosts earnings at RCA

BY OUR OWN CORRESPONDENT

NEW YORK, Oct. 12.

WITH RECORD profits from Hertz Rent-a-Car more than offsetting an earnings decline at the National Broadcasting Company, RCA was able today to report an 11 per cent gain in net income for the third quarter.

Although the company did not supply any figures, most analysts suspect that Hertz has now replaced NBC as the company's prime earner. The car rental subsidiary is riding high on the back of this year's 16 per cent-plus increase in domestic U.S. air traffic, and is, says RCA, nodding in the direction of Avis, the clear industry leader, "by every competitive yardstick, including market share, fleet size, volume and profitability." Hertz and Avis have had a running public row on this issue for more than a year.

RCA's net profit for the quarter was $78m or 92 cents per share compared with $62.9m or 82 cents a share. Revenues rose to a record $1.68bn from $1.46bn. Nine month net earnings were $203.2m or $2.66 a share, against $181.5m or $2.37 a share. Sales were $4.8bn compared with $4.27bn.

NBC was one of two divisions to show a fall in earnings, but Mr. Edgar Griffiths, the president and chief executive, stressed that NBC under its new white hope Mr. Fred Silverman, who has been recruited with a string of programming successes from ABC, has embarked on the most intensive development effort in its history. For the moment, however, the earnings decline is due to "low television audience ratings and higher programme costs necessary to correct the situation."

Apart from Hertz and NBC, consumer electronics products and services achieved sales and profits increases, despite an earnings squeeze on television sets. Commercial electronics products and services showed gains, thanks to the manufacture and export abroad of colour picture tubes. The company's communications group remains in the red, although losses have been reduced.

● CBS, which operates a rival television network to NBC, also reported an 11 per cent rise in third quarter net earnings, which finished at $48.5m on $1.57 per share compared with $43.7m on $1.57 per share. Sales were 20 per cent higher at $807.1m compared with $669.9m. Net income for the nine months was $141.6m on $5.11 per share compared with $131.6m on $4.68 per share. Sales were $2.3bn compared with $1.97bn.

Reynolds Metals moves ahead

BY STEWART FLEMING

NEW YORK, Oct. 12.

SURGING DEMAND for aluminium combined with price increases has contributed to record third quarter earnings for Reynolds Metals, the second largest U.S. aluminium producer.

With sales revenues up from $592m a year ago to $733m, net income has increased from $18.8m, equivalent to 97 cents a share, to $46.6m, $2.44 a share.

For the first nine months of the year, net income totalled $79.7m, equal to $4.12 a share, compared with $62.9m, or $3.41 a share in the same period of 1977.

In June the company increased the price of aluminium sheet used in cans by about 6 per cent and automotive body sheet by around 11 per cent.

In addition to increased prices, the company has also seen sharp rises in tonnage shipments reflecting the high level of demand for aluminium in the U.S. Thus in the third quarter shipments totalled 327,400 tons compared with 287,570 tons in the same quarter last year.

The company referred to the increase in shipments and improvements in product mix contributing to its growth in profits.

One bleak spot in the company's performance has been foreign currency translation losses, which have cost $27.5m in earnings in the first nine months. Third quarter currency translation losses were only $500,000, although some analysts are predicting a worsening trend in the fourth quarter.

Westinghouse income boost

NEW YORK, Oct. 12.

WESTINGHOUSE ELECTRIC, the major U.S. group, boosted operating net income for the third quarter from a corresponding $72.5m in 1977 to $82.1m. Sales were $1.66bn against $1.51bn. An extraordinary loss of $54m net reflecting the settlement of a uranium supply lawsuit made a final net income of $27.3m or 32 cents a share.

Net operating income for nine months was $807.1m or $2.57 a share compared with $193.5m or $2.21 a share. Sales totalled $4.88bn for the nine months, against $4.27bn previously.

The company said the third quarter improvement reflected better results from its three main companies, plus the broadcasting and credit subsidiaries.

Agencies

Morgan Guaranty gains

BY OUR OWN CORRESPONDENT

NEW YORK, Oct. 12.

HELPED BY big gains in profits from foreign currency trading and increased loans at its foreign offices, Morgan Guaranty Trust, the fifth largest U.S. commercial bank, to-day reported a further sharp rise in profits.

In the third quarter ended September 30 the company reported income before securities' gains of $69.1m, an increase of 25.7 per cent over the $54.9m earned in the third quarter of last year, and a rise of 24.8 per cent over the $55.3m reported in the second quarter of 1978.

For the first nine months of 1978 net income before securities' gains or losses was $184m, a 19 per cent rise from the $154.6m earned in the same period of 1977. On a per-share basis, income before securities' gains or losses in the third quarter was $1.69 compared with $1.35 in the same period a year ago, a rise of 25.2 per cent. For the nine months earnings per-share increased 18.9 per cent from $3.80 a share to $4.52 a share.

● Meanwhile, J. P. Morgan, holding company for Morgan Guaranty, reporting a 19 per cent gain in operating income for the first nine months, said foreign exchange trading income rose to $30.2m from $19.8m during the period, said Reuter.

Non interest operating income increased by $39.4m over the 1977 period, while bond trading profits and commissions rose to $4.8m compared with a loss of $3.1m in the comparable period.

Income from corporate trust, other trust and agency services rose to $86.2m compared with $79.8m.

Kodak set for record profits

By Our Own Correspondent

NEW YORK, Oct. 12.

EASTMAN KODAK has made further progress in recovering its "blue chip" status with a 27 per cent increase in third quarter earnings, indicating that it is breaking out of the marketing and productivity problems of 1977.

After four years of see-sawing earnings, the world's largest producer of photographic products looks set to break its 1973 earnings record of $653.5m or $4.05 a share. Net third quarter earnings of $238.1m, equal to $1.43 a share bring its nine-month profit tally to $570.9m or $3.54 a share. Worldwide quarterly sales were $1.75bn compared with $1.54bn for the nine months they were $4.7bn against $4.09bn.

Mr. Walter A. Fallon, chairman, and Mr. Colby Chandler, president, highlighted improved productivity and higher unit volume in their statement today. They looked forward to a good Christmas selling season and to a year of "very satisfying results."

The strength of demand in the U.S. and overseas for photographic products has surprised many analysts, and on the evidence of a 17 per cent increase in overseas photographic sales and a 14 per cent rise in U.S. and Canadian sales, Kodak is clearly taking its share.

In its market tussle with Polaroid, Kodak is reckoned to be holding on to a 40 per cent share of its instant camera sales. An anticipated sale of 4m instants this year will mean that about 7m cameras will be in use which can only employ the film which Kodak manufactures. Moreover, the company's new Ektra line is expected to raise its share of the conventional camera market after a decline last year.

Georgia Pacific

The wood, paper and gypsum company Georgia Pacific Corporation had third quarter net income of $78m or 74 cents a share compared with $73m or 69 cents a share, on sales ahead from $1bn to $1.2bn. For the nine months, net income was $227m or $2.15 a share against $197m or $1.86 a share, on sales up from $2.7bn to $3.2bn, agencies report from New York.

Allied Chemical

After an extraordinary gain on the sale of an organic chemicals plant in Baton Rouge of $1.2m, or 4 cents a share, net income of Allied Chemical for the third quarter rose from $20m, or 71 cents a share, to $24.9m or 88 cents a share, agencies report from New York. Sales were $786.2m, up from $697.6m.

RESULTS IN BRIEF

Improvement for First Nat. Boston

NEW YORK, Oct. 12.

A MARKED improvement in per share earnings has been recorded by the bank holding company First National Boston for the first nine months of this year with earnings per share standing at $3.71 compared with $2.69 in the same period last year.

Another financial body, the California based savings and loans company Imperial Corporation of America, reported a boost in per share earnings to $3.55 from $2.96 for the corresponding nine month period.

The Illinois computer and industrial equipment company McGraw-Edison showed an improvement in the nine month period with increased per share earnings up to $3.10 from $2.69.

The fibreglass company Owens-Corning Fibreglass returned a nine month per share earning of $3.06 compared with $2.55 in the 1977 period.

The American Hoist/Derrick Company, which specialises in the manufacture of construction equipment and hardware wholesaling, had a decline in per-share earnings during the nine-month period from $2.40 to a current $1.70.

The Illinois-based Abbott Laboratories per-share earnings increased during the nine-month period. The health care product specialist concluded the thir quarter with total per-share earnings up to $1.73 from $1.36 for 1977.

Per-share earnings for Colt Industries, which has interests in the steel, engineering, aerospace and armaments industries, improved to $4.67 from $3.69 per share for the same nine months in 1977.

The savings and loans company, Great Western Financial Corporation, had a better nine month profit run than in 1977. Per share earnings improved to $4.43 from $3.58 for the corresponding period.

On the other hand, the year-end earnings for the Tulsa-based utility company, Oklahoma Natural Gas, remained steady. The per share earnings increased slightly from $3.72 in 1977 to $3.97 at the end of the current fiscal year.

Agencies

The nine month period for the Dow Jones Company showed an improvement in per share earnings with an increase to $2.05 (based on net earnings of $31.69m) from the 1977 period per share earnings of $1.53 (from net earnings of $25.78m).

Agencies

New product costs slow growth at Colgate-Palmolive

BY OUR FINANCIAL STAFF

THE RATE of earnings growth at Colgate-Palmolive, the detergents and toiletries manufacturer, showed a further slowdown in the third quarter. Net earnings increased from 59 cents to 60 cents a share, on total net of $47.6m against $46.8m. Sales advanced from $979.3m to $1.1bn.

For the nine months to date, earnings per share have increased from $1.56 to $1.64 a share. Total net of $130.9m compares with $124.7m in the previous nine-month period, and sales of $3.1bn with $2.9bn.

Results for both years include the operations of Princess House, acquired on a pooling of interest basis.

At the half time stage, the company's chairman and chief executive commented that the slower rate of growth in earnings as compared with sales, reflected heavy spending on the introduction of new products and also higher interest expenses.

In the UK, Colgate is well known for such brand names as Ajax, the household cleaner, Colgate and Ultra-Brite toothpaste and Helena Rubenstein cosmetics. A major product launch in the UK, believed to have cost about £250,000 in television advertising, has been on blue Fresh soap.

Marine Midland strong in advance of takeover

BY DAVID LASCELLES

NEW YORK, Oct. 12.

QUARTERLY operating earnings for the Marine Midland Bank, which is in the process of being acquired by Hongkong and Shanghai Bank, represented a 53 per cent increase to U.S.$6.99m. This was equivalent to 55 cents per share compared with 36 cents per share in the same quarter last year.

Including gains on securities transactions and an extraordinary tax credit, net income amounted to $8.74m, or 70 cents a share compared with $4.55m or 36 cents last year.

Among the factors cited by the bank was a 13 per cent increase in average loans to $879m, with domestic lending holding a 66 per cent share. There was also a $664m increase in short-term deposits placed with other banks, and a $306m rise in holdings of U.S. Government securities. Together these brought a rise in net interest income for the period to $83.1m.

At the same time there was a slight drop in non-performing loans to $326m at the end of September. The reserve for loan losses at that date was $91.8m (1.15 per cent of total loans) compared to $92m (1.33 per cent) last year.

Hongkong and Shanghai Bank has filed a request with the New York banking authorities to acquire a 51 per cent stake in Marine Midland under a $260m deal which will bring the bank a much-needed capital infusion. Final permission may be some months away but Marine Midland shareholders are expected to approve the deal at a special meeting in Buffalo, where the bank is headquartered, next week.

Bank of America uptrend

FRANKFURT, Oct 12.

Bank of America Corporation's growth momentum measured in per share income before securities transactions was well sustained over the first nine months of this year and should continue into the next year, according to Mr. Leland Prussia, the vice-chairman.

He said per share income in the first half of this year rose 24.8 per cent over the first half of 1977 to $1.51.

The Bank's earnings growth will continue to remain consistently strong, while losses incurred from loans remain lower than many other banks.

It is likely that U.S. prime rates will rise to above 10 per cent soon, but will peak before the end of 1978, said Mr. Prussia.

Both direct and portfolio investment by European investors in the U.S. will continue to be significant as long as the opportunities remain, and the U.S. stock market is comparably cheap, he added.

Reuter

EUROBONDS

Prime rate move jolts secondary market

By Nicholas Colchester

THE DECISION by Chase Manhattan to raise its prime rate in the U.S. to 10 per cent gave a decisive jolt to the secondary market in dollar-denominated international bonds yesterday. The unease spread quickly to an already weak sterling sector and Euro-sterling bonds finished the day at below the lows reached in late June.

Dealers last night were quoting prices for sterling bonds which were between three and four points down on their levels a week earlier. Rowntree's 10½ per cent were at 87½, as were Sears paper with the same characteristics. Allied Breweries 10½ per cent, 1990, were down to 87½ compared with 91½ a week earlier. The Fisons bond has been pulled sharply back into line with its peers and was quoted at 91 compared with ... seven days earlier.

The rising interest rates ... Eurodollar rates went to ... cent to 13 per cent—and ... weak day for the dollar in the foreign exchange markets ... somehow brought into focus the prime rate decision. Thereafter, trading accelerated to a pace not seen in the dealing rooms for several weeks. There were some substantial sell orders and prices were lower by ... across the board. Dealers said that they recognised a number of old underwriting positions being unwound.

Despite the fact that the Deutsche Mark went to a new all-time high against the dollar at 1.86, the Deutsche Mark market was still showing signs of indigestion. After the ... sales and issues of recent ... participants began to worry about today's meeting in Frankfurt of the capital market committee which will lay down the volume of new offerings for the current month. The rumour went round that the volume would be DM 1.5bn, compared with the original plan for the month of under DM 1bn.

Turnover in the Deutsche Mark market was very slack and prices closed mixed — if anything a little off. The tone of the market was nevertheless shaky enough for one major prospective borrower to be in two minds as to whether this was the right moment for his issue.

See Lex

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

U.S. DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES

	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

[illegible]

Manufrance wants links with supermarket chain

PARIS, Oct. 12.

[M]ANUFACTURE Francaise [d']Armes et Cycles de Saint-[Eti]enne SA (Manufrance) is [see]king to link up with a [sup]ermarket chain in order to [res]tore the performance of its [ow]n branch stores, according to [pre]sident Francois Gadot-Clet.

[C]ontacts have begun and will [con]tinue with several companies, [inc]luding Carrefour, and [app]roaches will be made to [Ha]chette, he told Reuters. Manu[fra]nce has been in financial [diff]iculties and received a [gov]ernment promise of a loan [of] FFr 20m.

[D]avid Curry adds from Paris: [O]ne of the basic structural [cha]nges being engineered by [M.] Gadot-Clet is to divide the [...] manufacturing activities [of] Manufrance into a series of [ope]rating companies capped by a financial holding group. He is anxious to attract partners into these operating subsidiaries.

He has already agreed with the country's leading publishing house Hachette that it will take a stake in the subsidiary which will embrace, essentially, the monthly sporting magazine Le Chasseur Francais, the biggest money-spinner in the group.

Manufrance also boasts some 90 stores, many of them in prime city sites, selling both Manufrance's own products and other goods. M. Gadot-Clet is discussing with Hachette a deal whereby the publishing house would also acquire an interest in the retailing chain and instal bookshop sections in these stores.

Manufrance would "be happy" to discuss a participation with such companies as Boots and Marks and Spencer, and would be willing if necessary to negotiate a majority position for such established retailers.

Carrefour, which is basically a hypermarket group but which has shown interest in developing more specialist outlets, is another candidate, while an obvious one is the Cazino supermarket chain which is itself based in Saint-Etienne.

Other operating groups will probably cover mail order, and the manufacture of sporting weapons and sewing machines. It is not clear yet whether Manufrance wishes to continue its bicycle operations unilaterally (it has recently hired the Tour de France veteran Raymond Poulidor at FFr 10,000 a month to promote its cycles) or whether here also it envisages inviting foreign partners to participate.

Assets of investment funds rise

BY CHARLES BATCHELOR

AMSTERDAM, Oct. 12

[TW]O DUTCH investment funds, [Rob]eco and Rorento, report in[crea]ses in their net assets and the worth of their shares.

[R]orento, the fund investing in [fixe]d interest securities, said its [net] assets rose to Fl3.1bn [($1.]53bn) from Fl2.3bn in the [...] months ended August 31, [whi]le its shares rose nearly 4 per [cent] to Fl123.2, after allowing [for] dividends.

[R]obeco reports net assets [Fl1].3bn higher at Fl 4.5bn in [the] four months ended Septem[ber] 1. The value of its shares [rose] 5 per cent to Fl 177.

[B]ecause of its fear of a re[new]ed surge in inflation Rorento [is] concentrating its investment on countries which show the greatest chance of reaching nominal rates of inflation. It raised the German percentage of its assets to 23.8 per cent from 14.3 per cent and reduced the sterling component to 2.4 per cent from 7.2 per cent. It increased its Guilder assets to 53 per cent from 50.7 per cent and its Yen holdings to 10.8 per cent from 8.2 per cent. Its U.S. and Canadian dollar holdings were reduced slightly.

A favourable climate prevailed on all stock exchanges in the period covered by Robeco's report. Currency markets faced another crisis, though, and the fund's decision to cover its U.S. interests on the forward market was justified, it said. Only half of its dollar risks were hedged in the first four months of 1978.

It bought Fl 70m ($34m) of shares on balance in the U.S., putting the emphasis on gas pipeline companies. Robeco took profits in Japan, including the insurance sector. Total sales were Fl 90m but its interest in real terms was about the same due to the rise in stock prices and the appreciation of the Yen.

It proposes paying a 3½ per cent stock dividend and plans a final cash dividend next April. The total 1978 dividend will be at least the same as the Fl 12.80 in 1977.

[Se]mperit puts Koepp [hol]ding up for sale

[SEM]PERIT, the Austrian rubber [conc]ern, is to sell its majority [hold]ing in the West German [chem]ical and plastics company, [Koe]pp AG, writes Paul Lendvai [in] Vienna. Semperit acquired [in 1]971 a minority interest and [...] took over 88 per cent of [DM ...].5m capital. However, Koepp [had] losses of DM 500,000 last year [after] a setback of DM 2.5m in [...] and has not paid a dividend [since] 1975.

Swiss lower forex limits

BY OUR OWN CORRESPONDENT

ZURICH, Oct. 12.

MEMBER banks of the Swiss foreign-exchange convention have lowered from SwFr 180,000 to SwFr 100,000 the so-called convention limit, the reduction to apply to foreign-currency transactions involved in export deals.

This means that more exporters will now be able to benefit from the narrower margins of inter-bank exchange rates. The lowering of the limit had been mentioned at the recent Swiss bankers' day as a possible way to help smaller export businesses at a time of monetary unrest.

The cut to SwFr 100,000 does not affect financial transactions or import business. The limit in these cases remains at SwFr 250,000.

Bastogi not taking up Montedison shares

By Our Own Correspondent

ROME, Oct. 12.

FINANZIARIA BASTOGI, the main known private shareholder in the ailing Montedison chemicals concern, does not intend to take up its share of a forthcoming Montedison capital increase. This was made clear by Bastogi's chairman, Sig. Alberto Grandi, at a meeting with foreign journalists here.

Sig. Grandi, a former vice-chairman of Montedison, who was appointed chairman of Bastogi in May, criticised Montedison's failure to take advantage of a number of potentially saleable assets, such as its energy and pharmaceuticals activities, to reduce its heavy burden of debt.

For this reason, Bastogi prefers not to participate in the forthcoming capital increase and plans to withdraw from the Montedison control syndicate, in which it is at present the leading private shareholder, with a 7.6 per cent stake.

Montedison recently announced an agreement whereby a group of Saudi Arabian investors will be taking a 10 per cent holding in its capital. Sig. Grandi said he would ultimately try to sell Bastogi's stake in Montedison, in line with his policy of concentrating Bastogi's participations in a "number of specific industrial areas."

Bastogi has already announced plans to merge with its profitable property subsidiary, Beni Stabili and Sig. Grandi said he would be taking steps to sell off some of Beni Stabili's most attractive property assets to finance acquisitions elsewhere. Bastogi has paid no dividend for a number of years, but Sig. Grandi expressed hopes that the firm could soon be brought back into profit, after an effective loss last year of around Lire 70bn ($85m).

Aside from the property and construction sector, Bastogi is interested in expanding its activities in the electrical sector, and it is about to finalise the takeover of a small subsidiary of the Montedison group, Magrini Galileo, which produces electrical goods. Later, Bastogi may be in a position to acquire one of Italy's leading electro-mechanical companies, Franco Tosi, in connection with a forthcoming rights issue which Bastogi is planning.

CREDIT SUISSE

Drenched in Chianti

BY JOHN WICKS IN ZURICH

WINEFOOD is far and away the largest individual element within the 140 companies that Credit Suisse, one of the big three banks in Switzerland, took under its wing after the revelations at the Chiasso branch.

These companies constitute the biggest wine complex in Italy, and they were uncovered in the spring of 1977 when bank officials discovered that something like SwFr 2.2bn ($1.4bn) of clients' funds had been improperly channelled through a Liechtenstein company, Texon-Finanzanstalt.

The affair was plainly costly. In public relations terms it is impossible to assess any damage, but the financial consequences were heavily underlined by Credit Suisse's last balance sheet which carried provisions against Texon of SwFr 1.2bn ($765m).

However, the bank hopes eventually to set at least part of the monetary record straight via disposals. For the Winefood group present timescales for departure point to 1981.

Before the bankers unexpectedly found themselves owners of this multi-company group, it had gone through a period of rapid expansion. Formed only ten years ago, it carried out investments in the wine sector alone of over SwFr 300m at today's exchange rates. By 1977, total turnover was running at some SwFr 220m, including SwFr 120m from the wine business and the remainder from a range of activities including farming, the production of canned food, salami, cheese and spices and the operation of Savini the famous Mailnese restaurant and three hotels in the spa of Abano Terme, near Padua.

There was, however, a good deal wrong with Winefood. Too much had been invested too soon, leading to over-production in the important wine sector with a corresponding effect on prices: the headquarter's operation at Corsico, near Milan, was over-manned and over-centralised: book-keeping and ordering procedures left much to be desired. The 30-company group was working inefficiently—this quite apart from the financial strain imposed by the heavy investment programme. In 1977 Winefood booked a group loss of more than L14bn.

Despite these very considerable managerial shortcomings in the past, Winefood has a great deal of potential in the long run. As excessive as former investments may have been, they were aimed particularly at building up the group's position in the promising field of quality wines. At the same time it was expanding its export markets. Today, about one-half of subsidiaries' wine sales are exports and Winefood is the biggest supplier of Italian wines to a number of national markets.

Credit Suisse, in keeping with its general policy, does not intend to hang on to these definitely "non-bank" operations. The entire Texon heritage will in course be disposed of—although it seems unlikely that this will be completed before about the mid-eighties. This means, of course, that it will be a long time yet before the final net loss from the Chiasso scandal can be determined.

Divestments have already taken place both outside and within the Wineford division. For a start the bank is thinning down on the non-wine side of Winefood operations—two farms have been sold, as well as the firms Salumificio Milano (salami), Mister Chef (spices) and Stauffer (cheese). Preliminary negotiations are taking place on the sale of other non-wine subsidiaries. One of the participations likely to be sold next is SA Suisse d'Exploitations Agricoles, an originally Swiss-owned farming concern with 3,000 acres of land near Rome in which Winefood has a 70 per cent stake. It seems possible that Vatican interests might buy up this company, either with or without its vineyards.

For the wine companies, the bank foresees a temporary continuation of ownership so as to improve their operations before final sale. There are, in fact, already plenty of outside companies interested in taking over the whole wine sector of Winefood, according to Dr. Hugo von der Crone, deputy managing director of Credit Suisse. Most of these are "first-class, large-scale international firms," he said at a Press conference in Abano Terme, with the most serious offers coming particularly from the U.S.

Various forms of divestment are being considered—Dr. von der Crone says, "purely theoretically," that Winefood shares might be sold to the public and even listed on the Stock Exchange or that Winefood companies might be sold singly. Crédit Suisse wants to improve the situation of the group to be able to get a better price in the end.

Improvements are already on the way. Losses will probably be incurred by Winefood this year but much smaller ones than those of 1977, while by next year the administrators will go all out to pull the group into profits. Wine sales were up 40 per cent in value in the first half of 1978. Exports, and export prices, have been rising fast and Winefood is today responsible for over 25 per cent of all exports of DOC wines (the Italian equivalent of appellation controlés"). Total wine sales, which accounted for SwFr 120m of 1977's group turnover of SwFr 220m, will this year be of some SwFr 200m.

Having lost the equivalent of $17m in 1977 Winefood is expected to emerge from 1978 with a lower deficit and be out of the red entirely by next year

On the management side, efforts are concentrated on making the group less top-heavy by a drastic pruning at Corsico headquarters and decentralisation of operations like accounting and ordering, together with an improvement of the whole distribution structure. In marketing, product assortments will be thinned out—Chianti Melini alone has been working with no less than 626 different types—and a stress placed on DOC, special and quality table wines. The export market is very attractive, especially the fast-growing North American market with its appreciation of brand images like the Black Rooster of Chianti Classico or the "Lighter than White" slogan of Fontana Candida's Frascati.

By 1981 the bank believes the restructuring of Winefood should be far enough advanced to permit a worthwhile sale. In the meantime, Crédit Suisse will continue to work on improving the concern. Fortunately, only few investments are now necessary in Winefood as a whole owing to the large-scale spending of the past. "Not only for Winefood, but for practically all our Italian participations, we have reached a point of cautious optimism," said Dr. von der Crone in one of the most positive statements yet by Crédit Suisse on its Chiasso stepchildren.

La Lainiere to float convertible bond

BY DAVID WHITE

PARIS, Oct. 12.

THE LIST of French companies seeking new capital has been added to by the La Lainiere de Roubaix textile group, which is this month floating a FFr 51m ($11.8m) convertible loan.

La Lainiere is the holding company for France's biggest woollen textile concern, which suffered a consolidated loss of FFr 97m last year and is in the throes of restructuring. The loan is destined to financing reorganisation programmes at two of its main subsidiaries, Prouvost-Masurel and Sublistatic, which between them were blamed for last year's deficit.

The 8 per cent loan is subscribable on the basis of one bond for eight shares held, and the bonds can be exchanged for five new shares apiece as from July next year.

The Prouvost family, which controls the group, is to subscribe to a maximum of FFr 30m worth of the total. These bonds are to be converted into shares next year, bringing the family's stake up to about 70 per cent. Conversion of the remaining shares would bring its holding back down to around the current level of 59 per cent.

The company said it expected "a very significant recovery" this year and that this trend would be confirmed in 1979, when restructuring would begin to show its full benefits.

Sales this year were forecast at last year's level of FFr 2.28bn for the group after a tiny 0.2 per cent increase in the first half of the year to FFr 1.11bn. About 47 per cent of last year's sales were made abroad.

Operating results at Sublistatic, which invested heavily in increasing production capacity for printed paper only to see demand fall sharply last year, might be out of the red next year, the company said. This year's outlook was that it would remain in deficit, faced with heavy exceptional charges and depreciation.

The other loss-making subsidiary Prouvost-Masurel, which makes fibres, yarn and hosiery, was expected to break even in its operating results in the second half of this year and to make a profit in 1979.

Sodra losses increase

By William Dullforce

STOCKHOLM, Oct. 12.

SODRA, the southern Swedish forest owners company, made a loss of SKr 240m ($54.5m) during the first seven months of this year, an increase of SKr 82m over the loss for the corresponding period in 1977. But the market has turned and Sodra expects to cut its losses to SKr 70m in the last five months to give a final pre-tax deficit for 1978 of around SKr 310m against SKr 386m last year.

Sales during the first seven months increased by 5 per cent to SKr 1.57bn ($356m). Pulp deliveries in fact increased by 26 per cent during the first half of the year but the market price for bleached sulphate pulp during the period was $320 a tonne compared with $400 a tonne during the first half of 1977. Sodra's loss on its pulp operations thus increased by SKr 60m.

Demand for pulp is now strengthening at the same time as the market price for bleached sulphate pulp was raised in July to $340 a tonne and is expected to maintain a level of $350 a tonne during the last quarter. A negative factor is the weakening of the dollar but Sodra nevertheless expects to operate its pulp mills at full capacity for the rest of the year and to cut its losses substantially.

Sodra's problems have been compounded by its commitment to a SKr 2bn investment in a new pulp and paper plant at Moensteraas. Investments during the first half totalled SKr 235m, of which SKr 212m went to the Moensteraas project.

The interim report notes that the management is undertaking an extensive re-organisation.

French steel share prices decline

THERE WERE sharp falls among steel company share prices on the Paris bourse yesterday with Denain Nord-est-Longwy dropping from FFr 42 to FFr 29.20 and Chiers-Chatillion sliding by FFr 17 to FFr 25.70, writes our financial staff.

Yesterday was the first day of dealing following the suspension on September 21 in the wake of the government's rescue plans for the steel industry. Dealers were suggesting that the price setbacks stemmed from fears among private shareholders that under the government initiative, companies would receive insufficient compensation for the industry's debts.

FOOD PRICE MOVEMENTS

	October 5 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,115
British A.1 per ton	1,085	1,085	1,085
Irish Special per ton	1,010	1,010	990
Ulster A.1 per ton‡	1,050	1,050	1,000
BUTTER			
NZ per 20 kg	12.50 12.72	12.59 12.72	12.59 12.72
English per cwt†	77.61 78.02	75.59 77.61	75.59
Danish salted per cwt†	78.98 82.22	78.98 81.72	78.98 81.72
CHEESE*			
NZ per tonne	1,161.30	1,161.50	1,161.50
English cheddar trade per tonne	1,345	1,275	1,275
EGGS*			
Home-produce:			
Size 4	2.70 3.00	3.00 3.30	2.95 3.10
Size 2	3.20 3.60	3.70 4.10	3.65/4.20
	October 5 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	53.0/57.0	53.0/57.0	54.0/58.0
Eire forequarters	35.0/38.0	36.0/39.0	—
LAMB			
English	52.0/58.0	—	54.0/59.0
NZ PLs-PMs	56.0-57.0	—	54.5/55.0
PORK (all weights)	36.0/46.0	37.0/46.0	38.0/46.0
POULTRY—Broiler chickens	36.0/38.5	36.0/39.0	36.0/39.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery October 15-22.

Notice of Redemption

Transocean Gulf Oil Company

7% Guaranteed Debentures Due 1980

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of November 1, 1968, under which the above-designated Debentures are issued, $778,000 aggregate principal amount of such Debentures of the following distinctive numbers has been selected for redemption on November 15, 1978 (herein sometimes referred to as the redemption date):

$1,000 COUPON DEBENTURES BEARING THE PREFIX LETTER M

[illegible]

The Debentures specified above are to be redeemed for the Sinking Fund (a) at the WCG-Corporate Bond Agency Services Department of Citibank, N.A. (formerly First National City Bank), Trustee under the Indenture referred to above, No. 111 Wall Street, in the Borough of Manhattan, the City of New York, or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Frankfurt, Main, London (Citibank House), Milan, Paris, and Citibank (Belgium) S.A. in Brussels and Citibank (Luxembourg) S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City, on November 15, 1978, the date on which they shall become due and payable, at the redemption price of 100 percent of the principal amount thereof, together with accrued interest from November 1, 1978 to the date fixed for redemption. On and after the redemption date, interest on the said Debentures will cease to accrue. Upon presentation and surrender of such Debentures with the November 1, 1979 coupon and all coupons appertaining thereto maturing thereafter, payment of principal plus accrued interest aggregating $1,002.72 for each $1,000 Debenture will be made out of funds to be deposited with the Trustee.

The amount of any missing unmatured coupons will be deducted from the sum due for payment.

Transocean Gulf Oil Company
By: CITIBANK, N.A.
as Trustee

October 13, 1978.

Wormald complains of business lost through tax uncertainty

BY JAMES FORTH

SYDNEY, Oct. 12.

UNCERTAINTY over the Australian government's stated intention to tax foreign earnings has prevented Wormald International from negotiating some major international business, the chairman, Mr. J. W. Utz, claimed at the company's annual meeting in Sydney today.

Mr. Utz said that in June the government announced that substantial changes would be made in the taxation of overseas income through the introduction of a foreign tax credit system, which would effectively apply the Australian company tax rate to foreign earnings.

The announcement provided only limited details of the proposed system and because of this was vague and ambiguous, Mr. Utz said. But the details that were made available would have the effect of severely restricting Australian companies' operating overseas.

Wormald, which operates in the fire protection and security sectors, had vigorously opposed the introduction of the system which would not allow the company to trade on an equal basis with competitors around the world. It would also affect exports from Australia, with the consequential detrimental effects of reducing the country's technical growth and adding to the already high unemployment, he added.

Mr. Utz said the government had announced it would not proceed without further very careful thought, but the delay since June in receiving a firm decision had affected the company's progress and Wormald had been unable to negotiate some major international business as a result. The business related to a major contract in the Middle East.

Mr. Utz added that profits were up for the first quarter of the current year, but the measure of growth would depend largely on the world economic climate and the government's tax proposals. More than 50 per cent of Wormald's 1977-78 profits came from earnings from abroad.

Peko denies bid for BH South

SYDNEY, Oct. 12.

MR. DON STEWART, the chief executive of the Australian mining company Peko-Wallsend has denied any knowledge of a proposed Peko bid for BH South.

The national daily newspaper, The Australian reported that Peko planned to bid for BH South, but Mr. Stewart revealed that he spoke to the chairman of BH South who denied any knowledge of any move on Peko's part and added that Peko is likely to issue a similar statement to the stock exchanges today.

The shares of BH South, which has mining interests associated with copper and phosphate, rose 8 cents to A$1.48 in early trading on the Sydney Stock Exchange.

The newspaper report said a major financial package is being put together involving the sale of BH South's 16.7 per cent stake in the unlisted aluminium producer, Alcoa of Australia, to a life insurance office plus the alleged Peko bid.

Mr. Stewart noted the possible life investment in Alcoa makes sense.

BH South is selling off more than A$50m in investments.

Rothmans Malaysia expects growth

BY OUR OWN CORRESPONDENT

KUALA LUMPUR, Oct. 12.

ROTHMANS OF PALL MALL (MALAYSIA) told shareholders that although pre-tax profits for the last financial year were 10 per cent lower, the company was in a strong financial position and expected solid growth in the years ahead.

In its anual report the company pointed out that the fall in profits to 11.43m ringgits ($5.1m) should be viewed within the context of the large capital reinvestment to modernise plant and machinery in its Malaysian and Singapore factories.

Working capital has improved by 17 per cent to 36m ringgits, reflecting an increased investment of nearly 8m ringgits in inventories, most of these being in tobacco stocks.

Profits were also affected by the government restrictions on cigarette advertising, resulting in a 1m ringgit loss for the company in completed, but unusable films.

The final dividend is being maintained at 20 per cent, and a one-for-four scrip issue has been declared to raise paid-up capital to 24m ringgits.

Plantation profits show recovery

By Wong Sulong

KUALA LUMPUR, Oct. 12.

MALAYSIAN plantation companies, whose first half year's production had profits were severely reduced by the effects of drought, have shown a rapid recovery during the third quarter.

Production figures released by the companies listed on the Kuala Lumpur Stock Exchange showed that for some of them, output during the months of July to September even exceeded production for the first six months of the year.

Palm oil estates, which were more severely hit by the drought than rubber plantations, showed a correspondingly more impressive recovery.

A survey of five major plantation companies — Consolidated Plantations, Highlands and Lowlands, Dunlop Estates Berhad, Kempas, and United Plantations —showed that their combined rubber and palm oil production for the third quarter totalled 66 per cent and 87 per cent respectively of their combined output for the first.

Between July and September, the five companies accounted for 19.85m kilograms of rubber and 77,700 tonnes of palm oil. Their combined rubber and palm oil production for the first six months was 30.2m kilograms and 89,300 tonnes respectively.

Most plantation companies expect the recovery to continue, and indications are that the production figures for the last quarter of the year could be even better than the third quarter.

The Danish-owned oil palm group, United Plantations, whose interim profits fell by 54 per cent, has reported that its average monthly production during the third quarter was 4,675 tonnes, compared with the monthly average of 2,577 tonnes during the first half.

Dunlop Estates whose first half profits fell by 43 per cent, also reported a significant recovery.

Two plantation subsidiaries of Sime Darby Holdings—Consolidated Plantations and Kempas—also experienced significant increases in output.

Power plant spending aids Japan's investment

TOKYO, Oct. 12.

HEAVY INVESTMENTS by the electric power industry are expected to provide the biggest contribution to capital spending by Japanese businesses in the year ending March 31, according to a survey released today by the Industrial Bank of Japan.

The rise of 15.1 per cent in capital spending is in line with forecasts last month by the Japan Development Bank. The Industrial Bank said its 1,652 major corporate customers are planning to invest a total of Y9.62 trillion (U.S.$51.7bn) in new plants and equipment, up from Y8.848 trillion invested in the year ended last March.

A bank official said, however, that the increase in corporate spending will not bring with it an increased demand for bank loans, a demand that has been lagging for the past year.

The bank official said nationwide corporate borrowing will be down from the previous year because many companies will be using their own funds with which to finance capital expenditures.

Earlier surveys by other banks showed similar capital spending increases for the year ending next March. The long-term Credit Bank of Japan had forecast a 15.8 per cent increase.

According to the Industrial Bank's survey, capital spending planned by the manufacturing sector is expected to be Y2.991 trillion down three per cent from the year before and the fourth straight annual decline. Spending by the power industry, however, is put at Y3.13 trillion, up 33.7 per cent from last year.

Spending by the non-manufacturing sector is expected to total Y6.351 trillion, a 25.8 per cent increase in the year. Most of the manufacturers that are planning spending are involved in the production of consumer goods. Spending by car makers is seen as rising 9.7 per cent and by electric appliance manufacturers by 8.5 per cent.

On the other hand, the chemical industry is planning a 15.7 per cent drop in spending and steel a 12 per cent drop. Shipbuilding spending is expected to take 8.8 per cent.

AP-DJ

OKI setback forces staff cuts

TOKYO, Oct. 12.

THE OKI Electric Industry Company, the telecommunication and electronics manufacturer, is asking 1,500 employees to seek voluntary retirement by the end of this month.

The company notified its 12,600-member labour union that the move is part of a rationalisation programme that also calls for the closure of one of its five plants.

Because of sluggish sales and declining export earnings (due primarily to the rise of the Yen), OKI posted a Y458m (U.S.$2.45m) operating loss in March 31. However, because of various property sales, the company showed a net profit of Y714m (U.S.$3.83m) for the period.

AP-DJ

Tokai extends in Singapore

TOKYO, Oct. 12.

THE TOKAI BANK has indicated that its Singapore representative office will become a branch effective from December 1.

In addition to ordinary banking services, the new branch will raise both short and long-term foreign currency funds in the Singapore Asia dollar market, the bank said.

The Singapore branch will bring to five the number of Tokai's foreign branches. The bank also has three subsidiaries and 15 representative offices abroad. AP-DJ

ITO improve on food sales

TOKYO, Oct. 12.

THE JAPANESE food group, ITO Ham Provisions reported half-year net profit of Y2.54bn (US$13.6m) compared with Y2.25bn (US$12m) for the same period in 1977.

Sales stood at Y98.33bn which were up slightly from last year's first half total of Y95.57bn.

The company forecast its net profit for the full year ending February 28 at Y5bn, compared with Y1.62bn in the previous year. Sales for the year were forecast at Y215bn, compared with Y199.32bn for 1977.

AP-DJ.

Two Singapore takeovers

SINGAPORE Paper Products announced that it was exchanging 1.9m of its shares and S$9,290 (U.S.$4,222) in cash for 612,000 shares in Bored Piling (PTE) Ltd, to acquire 51 per cent stake in that company

Singapore Paper is also exchanging 192,000 of its shares and S$2,625 (U.S.$1,193) in cash for 36,720 shares in Soil And Foundation (PTE) Ltd. to acquire 51 per cent interest in that company.

Meanwhile Mentakab Rubber (Malaya) Berhad has announced an interim dividend of 11 per cent less tax.

AP-DJ

Dollar recovers in late trading

The U.S. dollar fell sharply in nervous early trading in the foreign exchange market yesterday, but picked up in the afternoon to finish around its best levels of the day against most major currencies.

Sterling opened at $1.9900-1.9910, and quickly jumped to $2.0000-2.0010 for a very brief period, the highest level touched since August 15. By midday the pound was back at $1.9950-1.9960 however, and declined in quiet afternoon trading to finish at $1.9845-1.9855, a fall of 75 points on the day. Sterling's trade-weighted index, as calculated by the Bank of England, fell to 62.4 from 62.5, after standing at 62.5 at noon and 62.4 in early trading.

Other currencies showed similar movements against the dollar, with the D-mark touching a record high of DM 1.8560 against the U.S. unit, before closing at DM 1.8737½, compared with DM 1.8700 previously. The Swiss franc also rose sharply to SwFr 1.5225, but then fell back to close at SwFr 1.5420 against the dollar, compared with SwFr 1.5410 on Wednesday.

News that Chase Manhattan has raised its prime rate helped the dollar in the afternoon, coupled with increased intervention by the Swiss authorities after lunch.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, narrowed to 10 per cent from 10.1 per cent.

Further pressure on the weaker members of the European currency snake led to central bank intervention to prevent the D-mark rising above its highest permitted level.

NEW YORK—The dollar gained ground against all major currencies in moderate trading, helped by news that Chase Manhattan Bank had raised its prime rate to 10 per cent from 9¾ per cent. This move was no real surprise to the market, however, and may have been anticipated, since the dollar was already moving up before the rise was announced. Intervention by the U.S. Federal Reserve to support the dollar was also suspected, as well as buying of dollars by central banks in Europe and Japan.

FRANKFURT—The Bundesbank bought $4.515m at yesterday's fixing when the dollar fell to a record fixing low of DM 1.8582-DM 1.8662, compared with DM 1.8765-1.8845 on Wednesday. Trading was very nervous, and the dollar was quoted at DM 1.8603 very early in the morning. At the previous fixing the Bundesbank bought $5.7m in an attempt to prevent the dollar falling below DM 1.88.

The German authorities also bought DKr 12.9m and NKr 2.4m at yesterday's fixing to prevent both currencies falling outside the permitted limits of the European currency snake. The Danish krone was fixed at its floor of DM 36.03 per DKr 100, and the Norwegian krone at its low point of DM 37.70 per NKr 100. At the same time the Belgian franc was fixed at its lower intervention point of DM 6.343 per BFr 100, while the Dutch guilder was slightly above its floor at DM 92.08 per 100 guilder, compared with an intervention level of DM 91.995.

ZURICH—The dollar declined against the Swiss franc. In nervous early trading, falling to SwFr 1.5282½ by mid-morning from an early level of SwFr 1.5350. Intervention by the Swiss National Bank was not heavy during the morning, but increased after lunch, helping the dollar to improve in late trading.

TOKYO—The dollar continued to fall closing at Y185.55 against the yen, compared with Y186.97½ on Wednesday, but slightly firmer than the low point of Y184.50 set on Thursday morning. The dollar opened at Y185.30, but lost ground following the statement from Mr. James Schlesinger, U.S. energy secretary, that the goal of reducing oil imports to 6m barrels a day by 1985 cannot be reached. Foreign banks sold dollars heavily during the morning, but the currency turned round later when it became clear it would not fall below Y184.50. Spot trading totalled $543m, and combined forward and swap transactions were $718m.

THE POUND SPOT

Oct. 11	Bank rate %	Day's Spread	Close
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
Belgian F	[illegible]	[illegible]	[illegible]
Danish K	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Nrwgn. K	[illegible]	[illegible]	[illegible]
French Fr	[illegible]	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar [illegible]

THE DOLLAR SPOT

October 12	Day's spread	Close
Canadian $	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
Belgian Fr	[illegible]	[illegible]
Danish Kr	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]
Port. Esc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Nrwgn. Kr	[illegible]	[illegible]
French Fr	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

October 11	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]

CURRENCY MOVEMENTS

October 12	Bank of England Index	Morgan Guaranty Changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Oct. 12	£	$		Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Finland Markka	[illegible]	[illegible]	Denmark	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	France	[illegible]
Greece Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Franc	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dollar	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab Riyal	[illegible]	[illegible]	Switzerland	[illegible]
Singapore Dollar	[illegible]	[illegible]	United States	[illegible]
South African Rand	[illegible]	[illegible]	Yugoslavia	[illegible]

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Oct. 12	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.985	3.720	371.0	8.468	3.063	4.058	1618.	2.355	[illegible]
U.S. Dollar	0.504	1.	1.874	186.9	4.266	1.543	2.034	815.0	1.186	[illegible]
Deutsche Mark	0.269	0.534	1.	99.75	2.276	0.823	1.085	434.9	0.633	[illegible]
Japanese Yen 1,000	2.695	5.350	10.03	1000.	22.82	8.255	10.98	4361.	6.345	[illegible]
French Franc 10	1.181	2.344	4.395	438.1	10.	3.617	4.768	1911.	2.781	[illegible]
Swiss Franc	0.327	0.648	1.215	121.1	2.765	1.	1.318	528.3	0.769	[illegible]
Dutch Guilder	0.248	0.492	0.921	91.88	2.097	0.759	1.	400.7	0.583	[illegible]
Italian Lira 1,000	0.618	1.227	2.299	229.4	5.234	1.894	2.496	1000.	1.455	[illegible]
Canadian Dollar	0.425	0.843	1.580	157.6	3.598	1.301	1.715	687.1	1.	[illegible]
Belgian Franc 100	1.705	3.384	6.345	632.6	14.44	5.222	6.884	2758.	4.014	100.

EURO-CURRENCY INTEREST RATES*

Oct. 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $
Short term	8½-8¾	8¾-9	8¼-9¼	19-21	par-⅛	3¼-3⅜	6⅞-7⅛	18-24	[illegible]
7 day's notice	10¾-11¼	8⅞-9⅛	8¼-9¼	19-21	par-⅛	3¼-3⅜	7⅜-7⅝	14-17	8⅞-9⅛
Month	11½-11⅞	8⅝-8⅞	[illegible]	17½-18	[illegible]	[illegible]	8-8¼	15-16	8⅝-8⅞
Three months	12⅜-13	[illegible]	[illegible]	13½-14	[illegible]	[illegible]	9¼-9¾	14¾-15¼	[illegible]
Six months	13¼-13¾	[illegible]	[illegible]	10¾-11¼	[illegible]	[illegible]	9⅞-10⅛	14½-15½	9⅞-10
One year	13-13½	[illegible]	[illegible]	9½-10	[illegible]	[illegible]	10⅛-10⅝	14-15	10-10⅛

The following nominal rates were quoted for London dollar certificates of deposit: one month 9.05-9.15 per cent; three-months 9.60-9.45 per cent; six-months [illegible] per cent; one year 9.90-9.96 per cent.

Long-term Eurodollar deposits: Two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal closing rates. Short term rates are call for sterling, U.S. dollars and Canadian dollars, two day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. prime rates reach 10%

Moves towards a double figure prime rate gathered momentum yesterday when Chase Manhattan Bank raised its prime rate from 9¾ per cent to 10 per cent. With upward pressure continuing on U.S. interest rates, the only factor that seemed to be uncertain was the timing of such a move. U.S. banks had previously increased their prime rates to 9¾ per cent as recently as the end of September.

With Federal funds trading at around 8⅞ per cent, the Federal reserve entered the market by making four-day repurchase arrangements, although technical considerations still appear to be a prominent feature causing the upward pressure. Although it has never really been clear, this latest move tends to point towards the authorities' desire to maintain a target rate of 8¾ per cent.

Treasury bills were mostly lower with 13-week bills at 7.95 per cent, down from 8.08 per cent late on Wednesday and 26-week bills at 8.37 per cent against 8.42 per cent. One-year bills showed little change at 8.28 per cent.

AMSTERDAM—The Dutch Bank rate was raised to 6½ per cent from 5½ per cent with effect from today. This follows its rise late September from 4½ per cent to 5½ per cent and the Belgian authorities decision earlier this week to increase their Lombard rate.

The rise is seen as a further move to support the Dutch guilder, which has been trading on or around its floor level against the West German mark within the European snake, and pressure has increased recently with the D-mark's strong improvement against the dollar.

Call money remained firm on a wide spread of 15-19 per cent compared with 15-20 per cent previously. One-month money eased to 17-18½ per cent from 18-20 per cent while the three-month rate was unchanged at 13-14 per cent. Six-month funds were slightly easier at 10¾-11¼ per cent against 11-11½ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) tended to project a sharper reverse yield curve with three-month funds at 8¾-9 per cent against 8¾ per cent, six-month deposits at 8¾ per cent from 8½ per cent and a one-year rate of 8½ per cent compared with 8¼ per cent on Wednesday. The Belgian National Bank increased the rates on one, two and three-month Treasury certificates to 7.5 per cent, 7.75 per cent and 8 per cent respectively from 7.25 per cent, 7.5 per cent and 7.75 per cent. Call money was slightly easier at 4.90 per cent compared with 5.00 per cent.

PARIS — Money market rates were generally firmer with call money up from Wednesday's level of 6¾ per cent to 7 per cent and one-month rising to 7⅛-7⅜ per cent from 6⅞-7⅛ per cent. Three-month was quoted at 7⅝-7⅞ per cent compared with 7½-7¾ per cent while the six-month rate stayed at 7⅞-7⅞ per cent. One-year money rose to 8⅛-8⅜ per cent from 8⅛-8⅜ per cent previously.

FRANKFURT — Interbank money market rates showed an easier tendency with call money at 3.2-3.3 per cent against 3.4-3.5 per cent on Wednesday and one-month money at 3.5-3.55 per cent compared with 3.55-3.6 per cent. The three-month rate was quoted at 3.9-4.0 per cent, down from 3.95-4.0 per cent while six-month money rose to 3.95-4.05 per cent from 3.9-4.0 per cent. Twelve-month money declined to 4.05-4.15 per cent against 4.1-4.2 per cent.

UK MONEY MARKET

Free credit supply

Day-to-day credit appeared to be in good supply in the London money market yesterday and the authorities took out the surplus by selling a moderate amount of Treasury bills all direct to the discount houses. The latter were paying around 8½ per cent for secured call loans at the start and closing balances were taken between 8 per cent and 8½ per cent. The market was faced with a small net take up of Treasury bills to finance while on the other hand, there was a modest decline in the note circulation and banks brought forward balances some way above target.

In the interbank market, overnight loans opened at 8¼-8¾ per cent and traded for most of the morning and early afternoon at 8¼-8½ per cent. Rates eased to 7-7½ per cent ahead of intervention by the authorities but firmed afterwards to close at 8½-9 per cent. Longer term rates remained steady, still showing a relatively flat yield curve. Uncertainty surrounding MLR continued, after the absence of any announcement by the Bank of England left it unchanged at 10 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Oct. 12 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	7-9		—	—		[illegible]	—	—	—
2 days notice	—		8⅞	—	—	8⅞	[illegible]	—	—	—
7 days or	—			—	—		[illegible]	—	—	—
7 days notice		8⅝-8⅞	9-9⅛	—		9⅛	[illegible]	—	—	—
One month	[illegible]	[illegible]	9-9⅛		9⅜		[illegible]	—	—	—
Two months	[illegible]	[illegible]		[illegible]	[illegible]	9½	[illegible]	[illegible]	[illegible]	10¼
Three months	10⅛-10⅛	[illegible]		10⅛	10¼		[illegible]	[illegible]	[illegible]	10¼
Six months	[illegible]	[illegible]	[illegible]	10⅜	10¼	10½	[illegible]	[illegible]	[illegible]	10½
Nine months	[illegible]	[illegible]	[illegible]	10⅛-10⅝	11¼	—	[illegible]		10⅝-10¾	10¾
One year	[illegible]	[illegible]		10¾-11	—	—	[illegible]	—	—	—
Two years				11⅛-11½						

Local authority and finance houses seven days' notice, others seven days' fixed. [illegible] Finance House Base Rates (published by the Finance Houses Association) [illegible] per cent from October 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rates for lending [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible].

GOLD

Weaker trend

Gold fell $2 to $224½-225½, [illegible] touching a record high of $22[illegible] during the morning. [illegible] metal opened at $226½-227½ [illegible] was fixed at $227.20 (£113.668) [illegible] the morning. It began to lose ground by mid-day, and weakened further when the New York market began trading. Gold was fixed at $225.55 (£113.436) in the afternoon, and continued to decline as the dollar gained ground in the foreign exchange market.

In Paris the 12½-kilo gold bar was fixed at FFr 31,050 per kilo ($226.75 per ounce) in the afternoon, compared with FFr [illegible] ($227.31) in the morning and FFr 31,100 ($225.93) on Wednesday afternoon.

	Oct. 12	Oct. 11
Gold Bullion (a fine ounce)		
Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
Morning fixing	[illegible]	[illegible]
Afternoon fixing	[illegible]	[illegible]
Gold Coins domestically		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

MONEY RATES

NEW YORK	
Prime Rate	[illegible]
Fed Funds	[illegible]
Treasury Bills (13-week)	[illegible]
Treasury Bills (26-week)	[illegible]
GERMANY	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
FRANCE	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
JAPAN	
Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

هكذا صدر الأصل

WORLD STOCK MARKETS

Early easiness on Wall St. on prime rate rise

[EV]ENING FIRMNESS failed to [hol]d on Wall Street yesterday, [foll]owing a prime rate boost by [Cha]se Manhattan Bank to 10 per [cen]t from 9¾ per cent, the highest [lev]el for the prime since 1975.

[A]fter gaining another 0.65 to [9]03, the Dow Jones Industrial [Ave]rage reacted to 900.12 by 1 pm, [for] a net loss of 1.30. The NYSE [All] Common Index shed 9 cents [to] $59.20, although rises still held

Closing prices and market reports were not available for this edition.

[a n]arrow lead over falls. Trading [vol]ume sharply expanded by [..]m shares to 21.17m, compared [to] 1 pm yesterday.

[A]nalysts said the 10 per cent [pri]me rate level came as no [sur]prise although it came a day [earl]ier than expected. Citibank [whic]h leads the Banking Industry [in s]etting new rates Friday morn[in]g.

[N]oting the Stock Market's fairly [mut]ed reaction, analysts said the [mar]ket had discounted the move [to a] large degree. Strong third [qua]rter Corporate earnings [repo]rts also helped cushion the [imp]act, adding that nervousness [over] the Weekly Money Report [coul]d exert downside pressure [thro]ugh the day.

[IB]M further improved $2⅝ to [...] on higher than expected [thir]d quarter profits.

[Tel]edyne spurted $4½ to $109¾ [alth]ough it reported a steep drop [in t]hird quarter net.

[G]eneral Dynamics climbed $1⅛ to $55⅜ even though Defense Secretary Brown cancelled production of the submarine-launched cruise missile being developed by General Dynamics.

Eastman Kodak eased $⅛ to $65, although it reported higher third quarter earnings.

NCR were active and off $⅜ to $68⅝—its earnings report on Wednesday showed third quarter net up sharply.

Polaroid picked up $1 to $53⅛ and International Papers $⅛ to $44½, but Pepsico eased $⅛ to $28⅝ and Exxon $⅛ to $52⅛, all in active trading.

Colgate-Palmolive shed $⅛ to $19⅝, following "flat" third quarter earnings.

Baxter Travenol said third quarter profits rose and it tacked on $⅞ to $43⅛.

The American SE rose in moderately active trading, with the Index up 0.32 to 172.33 on turnover of 2.15m (1.22m) shares.

Canada

Share prices were generally higher in active midday trading, with the Toronto Composite Index up 3.3 to 1331.1.

The Oil and Gas Index put on 4.5 to 1739.3, Banks advanced 7.41 to 303.51, Utilities firmed 0.41 to 190.76 and Papers stiffened 0.06 to 135.35.

But the Gold Share Index fell 16.5 to 1747.2 and Metals and Minerals dropped 11.3 to 1300.3.

The Financial Services Index jumped more than 22 points as Banks rose sharply on a strong profit outlook and anticipated dividend increases.

Bank of Nova Scotia climbed $1⅛ to $22⅝ and Canadian Imperial Bank added $⅞ at $30⅞, while Royal Bank at $37 and Toronto-Dominion at $21⅛ each put on $⅛.

Paris

The market opened lower and continued to weaken. The main reason for the weakening is continuing concern over the French franc, and nervousness about new bank credit restrictions announced in the afternoon.

All sectors weakened and three stocks, Institut Merieux (Chemicals), Lafayette (Stores) and Denain (Metals) were temporarily suspended because of an influx of selling orders.

Denain fell to FFr 29.20 from the FFr 42.00 they stood at prior to suspension on September 21 following the Government's Steel Plan. Chiers-Chatillon fell to FFr 17 from FFr 25.70 before suspension.

Foreign stocks were generally easier with International Oils and Gold Mines lower.

Germany

Currency uncertainties in the Foreign Exchange Market helped to depress share prices in nervous trading.

In Motors, Mercedes shed DM 1 while, in Industrials, Demag also eased DM 1. Among Bankings, Deutsche Bank lost DM 1.10 and, in Stores, Horten retreated DM 4.50.

Isolated gainers included GHH, which advanced DM 11.40. VW rose DM 0.5, Daimler DM 1 and BMW DM 2.

Man were up DM 2.5 in Engineerings.

Switzerland

Prices retreated initially on the sustained dollar weakness, but later recovered slightly on selective demand.

Leading Banks were barely steady, while among little-changed Financials Elektro-Watt, Oerlikon-Buehrle Registered and Italo Suisse each rose. Forbo 'A' and both Interfood issues eased.

Insurances and Industrials were mixed.

Domestic Bonds were quietly steady, while Foreign Bonds moved slightly higher.

Among Foreign shares, dollar stocks were below Wednesday's New York closing levels, while Dutch and German issues were lower.

Brussels

Belgian share prices were mixed to mostly lower in quiet trading. Wednesday's monetary measures have had no apparent effect on the market so far, while the Belgian Premier's resignation seems to have resulted in slightly lower prices across the board.

In Foreign stocks, UK were mixed, Germans little changed, Dutch, Canadian and French issues lower, while U.S. were higher. Gold Mines were slightly lower.

Milan

A mixed trend prevailed after a moderately active session.

Bastogi gained L24 while Montedison eased L2.25 in Chemicals. Bastogi chairman Alberto Grandi said he does not plan to subscribe to Montedison's forthcoming rights issue.

Elsewhere in Chemicals, Anic eased marginally but Snia Viscosa firmed L10.

Generale Immobiliare gained after the announcement of a lower first half loss.

Bonds were quietly mixed.

Amsterdam

Share prices closed mostly lower in quiet trading, with all Internationals easier following continued weakness of the dollar.

Banks and Insurances fell, with ABN losing Fl 2 and Nationale Nederlanden Fl 2.30. Heineken dropped Fl 2.10 and KNSM Fl 1.

Firmer issues included Nedlloyd, Van Ommeren, KLM, Robeco, Rolinco, IHC and Ballast-Nedam.

State Loans declined.

Tokyo

Share prices closed lower, led by Export-Orientated issues following the fresh Yen appreciation. Volume 280m (290m) shares.

Sony fell 30 to 1400, TDK Electronics Y70 to 2080, Matsushita Communication Y80 to 1920 and Nissan Motor Y13 to 667 on increased liquidations towards the close.

Buying orders fell in the afternoon as investors generally took a waiting attitude following a recent rise in the outstanding balance of buying in Margin Trading.

Pharmaceuticals, which led the market in recent sessions, also fell on profit-taking, but some non-Ferrous Metals, Steels and Speculatives rose.

Hong Kong

The market firmed in active trading and the Hang Seng Index moved up 20.19 to 628.65.

Demand was widespread, mainly from local interests, and a general shortage of sellers helped the firmer trend. Brokers ascribed the buying interest to the speech by Hong Kong Governor, Sir Murray McLehose, in which he forecast real growth in the colony of 10 per cent this year.

Hongkong Bank rose 60 cents to HK$20.10, Hongkong Land 40 cents to $HK11.90 and Jardine Matheson 60 cents to $HK17.90.

Against the trend, Hutchison-Whampoa shed a further 5 cents to $HK1.13 after dipping 47 cents on Wednesday, in a continued reaction to its anouncement of a bigger loss and no interim dividend.

Green Island Cement rose $HK2.50 to $HK37.50 on talk of it being a possible takeover candidate.

Properties were in demand, with Cheong Kong rising 40 cents to $HK13.00. Hong Kong Wharf added $HK1.25 at $HK[..].75.

Australia

Selected Minings performed well in more active trading, aided by higher London Metal prices.

The record Gold price pushed Central Norseman up 70 cents to A$13.90, Renison gained 25 cents to A$11.10 on the Tin price rise, and Consolidated Gold Fields rose 5 cents to A$3.65.

Elsewhere, Mount Isa at A$2.52 and North Broken Hill at A$1.45 each put on 5 cents. BH South improved 8 cents to A$1.148, despite Peko-Wallsend's denial of a Press report it plans a bid for the company. Peko were 14 cents up at A$5.94, despite Aboriginal landowners' rejection of the present Ranger Uranium Agreement.

Other Uraniums, however, traded nervously, with EZ Industries up 5 cents at A$3.17, while Pancontinental lost 20 cents to A$12.70. Queensland Mines 10 cents to A$3.05 and Kathleen Investments 5 cents to A$2.45.

Johannesburg

Gold shares closed weak, reflecting London selling in fairly active trading. Losses ranged to 50 cents.

Mining Financials were quiet and occasionally firmer.

De Beers fell back to R7.95 after R8.00 most of the day. Awamint held unchanged at R$1.50.

The weakness in the Gold sector rubbed off on Platinums which closed at, or near, the day's lows. Initially shares moved ahead reflecting the record free market price.

Industrials were quietly steady. Property share of GR Props shed 20 cents to R1.30 following sale of its Luippards Vlei uranium reserves.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ♦ Interim since increased.

Indices

NEW YORK—DOW JONES

	Oct. 11	Oct. 10	Oct. 9	Oct. 6	Oct. 5	Oct. 4	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	901.42	891.65	895.19	880.02	876.47	875.87	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds*	88.21	88.25	88.50	88.52	88.51	88.47	90.86 (4/1)	86.75 (11/7)	—	—
Transport.	249.85	248.59	248.60	246.68	246.56	245.86	261.49 (8/9)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.97	106.73	105.65	106.22	106.12	106.06	110.38 (3/1)	102.84 (22/6)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	21,790	25,470	19,720	27,580	27,820	26,140	—	—	—	—

* Basis of Index changed from August 24

Ind. div. yield %	Oct. 6	Sept. 29	Sept. 22	(Year ago approx)
	5.39	5.48	5.50	5.37

STANDARD AND POORS

	Oct. 11	Oct. 10	Oct. 9	Oct. 6	Oct. 5	Oct. 4	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	116.86	115.90	116.09	114.84	114.67	114.35	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	105.59	104.46	104.59	103.52	103.27	103.06	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Oct. 4	Sept. 27	Sept. 20	Year ago (approx.)
Ind. div. yield %	4.79	4.86	4.85	4.67
Ind. P/E Ratio	9.59	9.43	9.43	9.18
Long Gov. Bond yield	8.64	8.58	8.47	7.65

N.Y.S.E. ALL COMMON

Rises and Falls

MONTREAL

TORONTO

JOHANNESBURG

WEDNESDAY'S ACTIVE STOCKS

NEW YORK

CANADA

GERMANY ◆

TOKYO ¶

AUSTRALIA

BRAZIL

OSLO

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ♦

COPENHAGEN ♣

STOCKHOLM

MILAN

VIENNA

SPAIN ♥

Securities Rand US$0.73⅞ (Discount of 35.87%)

BASE LENDING RATES

A.B.N. Bank ... 10 %	■ Hill Samuel ... §10 %
Allied Irish Banks Ltd. 10 %	C. Hoare & Co. ... †10 %
American Express Bk. 10 %	Julian S. Hodge ... 11 %
Amro Bank ... 10 %	Hongkong & Shanghai 10 %
A P Bank Ltd. ... 10 %	Industrial Bk. of Scot. 10 %
Henry Ansbacher ... 10 %	Keyser Ullmann ... 10 %
Banco de Bilbao ... 10 %	Knowsley & Co. Ltd. ... 12 %
Bank of Credit & Cmce. 10 %	Lloyds Bank ... 10 %
Bank of Cyprus ... 10 %	London Mercantile ... 10 %
Bank of N.S.W. ... 10 %	Edward Manson & Co. 11½%
Banque Belge Ltd. ... 10 %	Midland Bank ... 10 %
Banque du Rhone ... 10½%	■ Samuel Montague ... 10 %
Barclays Bank ... 10 %	■ Morgan Grenfell ... 10 %
Barnett Christie Ltd.... 11 %	National Westminster 10 %
Bremar Holdings Ltd. 11 %	Norwich General Trust 10 %
Brit. Bank of Mid. East 10 %	P. S. Refson & Co. ... 10 %
■ Brown Shipley ... 10 %	Rossminster ... 10 %
Canada Perm't Trust... 10 %	Royal Bk. Canada Trust 10 %
Cayzer Ltd. ... 10 %	Schlesinger Limited ... 10 %
Cedar Holdings ... 10½%	E. S. Schwab ... 11½%
■ Charterhouse Japhet... 10 %	Security Trust Co. Ltd. 11 %
Choulartons ... 10 %	Shenley Trust ... 11 %
C. E. Coates ... 10 %	Standard Chartered ... 10 %
Consolidated Credits... 10 %	Trade Dev. Bank ... 10 %
Co-operative Bank ... *10 %	Trustee Savings Bank 10 %
Corinthian Securities ... 10 %	Twentieth Century Bk. 11 %
Credit Lyonnais ... 10 %	United Bank of Kuwait 10 %
The Cyprus Popular Bk. 10 %	Whiteaway Laidlaw ... 10½%
Duncan Lawrie ... 10 %	Williams & Glyn's ... 10%
Eagil Trust ... 10 %	Yorkshire Bank ... 10 %
English Transcont. ... 11 %	■ Members of the Accepting Houses Committee.
First Nat. Fin. Corp. ... 11½%	* 7-day deposits 7%, 1-month deposits 7¼%.
First Nat. Secs. Ltd. ... 11 %	† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼% and over £25,000 7¾%.
■ Antony Gibbs ... 10 %	‡ Call deposits over £1,000 7%.
Greyhound Guaranty... 10 %	§ Demand and deposits 7%.
Grindlays Bank ... †10 %	
■ Guinness Mahon ... 10 %	
■ Hambros Bank ... 10 %	

The Property Market

BY JOHN BRENNAN

Intriguing Anzani

BRITISH ANZANI shareholders may have to wait *a few weeks* more for their 1978 accounts. Ivor Shrago, the solicitor from H. Davis and Company who has taken over from Gerald Faull as chairman, said yesterday that discussions were in progress which would give the group a "different bias." The board, with two other new appointments and three resignations this week, *wants the 1978 accounts* to reflect the effects of an imminent financial reconstruction."

Mr. Shrago, and Mr. Michael Norris, the surveyor who has taken over as joint managing director, both feel that it is "premature to disclose what we have in mind." But Mr. Shrago would say that discussions with British Steel Corporation's Pension Fund over the group's industrial estate at Aylesford, Kent are still in progress.

In October 1977 BSC paid £9m for a third of British Anzani's 92 acre site *and its 900,000 sq ft* of completed buildings. At the time of the sale the fund "expressed interest in being involved with the company in the development of the remainder of *the estate." The sale of the* remaining land would go some way towards the group's past comment that its future "lies with the trading companies" rather than its residual property interests.

The group runs profitable paper converting, scrap metal, warehousing and civil engineering businesses. But, as Mr. Shrago says, its remaining property interests, "can hardly be treated as historic for the moment." One major residual problem is a £2.2m contingent *liability* to the U.S. bank, Bankers Trust International. This stems from losses on the Felixstowe office development financed by BTI, handed back to the bank last year, and sold through a receiver. Some £325,000 of the liability was discharged last year. But the remaining money stands as a second charge on the Aylesford land behind loans from National Westminster bank—two further reasons for a sale to BSC.

It looks possible that the BTI liability will now be cleared either by property sales or by a new equity of loan injection brought by the third new member of the board, Alexander Kaye.

Mr. Kaye is described by the new chairman as "a financial consultant" who has "several international financial connections." Intriguing. Shareholders will learn in the next few weeks if these links are strong enough to carry out the planned financial reconstruction of British Anzani and a restoration of the share quote, suspended last November.

The Royal Borough of Kingston-upon-Thames has been *trying to find a way of* preserving the 18th century Picton House for over 20 years. The Borough itself could not justify the costs of refurbishment and so Dimsdale Development (South East) has taken over the building on a 99-year lease and is now putting to tender the £900,000 rebuilding work needed to create 11,000 sq ft of offices behind the former ale house facade. Joint agents, Quinton Scott and Folkard and Hayward, who are talking of current modern office rents of £6 a sq ft, have already been contacted by a number of potential tenants.

The city's villages

THE DISTINCT "business villages" within the City of London office market are easily recognised. Banks feel most comfortable in the shadow of the Bank of England, insurance groups try to keep within walking distance of Lloyd's, and stockbrokers still huddle around the Stock Exchange tower.

Richard Ellis's *City floorspace* reviews first clearly identified the parameters of these separate office markets, now Savill's has taken the research *a step further with an* analysis of office space taken up in the City.

The analysis provides no real surprises. But it does help to confirm accepted letting wisdom.

In the EC2 3, and 4 postal districts Savills arrives at a total space take-up of 2.9m sq feet in the year, 43 per cent in EC2, 26 per cent in EC3, and 31 per *cent in EC4. Average unit sizes* ranged from 3,900 sq feet in EC3, where size reflected the number of smaller insurance office lettings, to a 9,000 sq foot average in EC4.

Looking at banks, Savills records a fairly even spread of lettings throughout the central postal districts, with a slight bias towards the traditional banking *areas of EC2, which took 39.4 per* cent of all lettings. Two thirds of British banks took suites in the 10,000 to 30,000 sq foot range with lettings averaging 17,782 sq feet. Overseas banks went for smaller units, averaging 9,490 sq feet if one excludes Morgan Guaranty's 175,000 sq foot Angle Court letting and Continental Illinois move to the 91,800 sq foot former Times building in Queen Victoria Street.

Foreign banks also showed a distinct preference for EC2 *space, with lettings in that postal* district accounting for 62 per cent of the total.

Prestige addresses also remain a critical sales point for lettings to the insurance sector, with no less that 72 per cent of the year's lettings from that sector in the Lloyds' dominated EC3 area. Suites of less than 5,000 sq ft were taken by 71 of the 93 insurance firms that moved, and the average unit size proved to be just 4,194 sq ft.

Summarising the sector by sector lettings in the year *Savills shows that banks, which* Ellis's research suggested account for a quarter of all City office space, took 29.5 per cent of new lettings. Insurance followed at 20 per cent, with other professional and business services taking 19.5 per cent. The balance went to other finance houses, 10.5 per cent; shipping, 7 per cent; private companies' headquarters buildings, 7 per cent; printing and publishing, 2.5 per cent; commodities, 2 per cent and public sector offices, 2 per cent.

Savills is nervous about drawing too firm conclusions from its research, sticking to the cautious, but hard to challenge, comment that pressure for modern space *from banking, insurance and fin*ance groups is already running ahead of new office supply in these key business areas.

This supply imbalance shows *through in a rather seasonally* blurred form in Debenham Tewson and Chinnocks' latest City floorspace review.

Some 394,000 sq ft of offices *have came onto the market in* the EC1 to EC4 postal districts in September, 40 per cent of which coming from buildings released by Fluor UK's move to British Rail's Euston Square scheme. Fluor buildings, on top of the usual autumn inflow of lettable space, mask the steady fall in the amount of City office space seen in earlier months' reviews this year. But DTC does note that there are now only six buildings available in the City of between 50,000 and 100,000 sq ft, and just one of more than *100,000 sq ft.*

Overall, the firm records a total of 2.49m sq ft of offices on the market, a net increase of 145,000 sq ft in the month. Space available in each postal district breaks down to 550,000 sq ft in EC1; 828,000 in EC2; 409,000 in EC3, and 701,000 in EC4.

●

WEST OF the City the office letting market is still looking fairly sleepy after a dull summer period. Drivers Jonas' September review of floorspace in Mayfair and St. James's records the lowest letting rate for two years, at just 48,417 square feet for the month. The space available figures would have also shown a gentle downtrend but for the arrival on the market of the 151,400 square foot Devonshire House in Piccadilly, marketed by *John D. Wood and Fuller Peiser.* That building alone now accounts for 41 per cent of the 371,143 square feet available in the area.

Sluggish letting demand is partially masked in the September report by the 30,662 square foot De La Rue House in Regent Street coming under offer, turning what would have been a 3 per cent drop in space under *offer to a 17 per cent rise.*

As Devonshire House is only partially air conditioned its arrival on the market pushes the proportion on non-air conditioned space surveyed from a fifth to nearly half. But this has not had a significant impact on asking rents which now average £8.78 a square foot.

Airfix teams up with Glengate

RALPH EHRMANN, chairman of Airfix Industries, has made *his first foray into the property* market.

Airfix's property arm has long managed the group's own freehold buildings. But now, in partnership with Julian Markham's Glengate Properties, the plastic kit group has signed its first external property deal with the purchase, for just over £1m, of the former *headquarters* buildings of the British Coal Utilisation Research Association at Leatherhead.

The freehold site, bought from mortgagees of Stead Investments, includes 130,000 sq ft of industrial and research space let at rents averaging £1.65 a sq ft. Reversions over the next three years could increase a current rent roll of around £210,000 by a third.

Airfix and Glengate, which bought through its subsidiary Branway Properties, also have scope to develop another 100,000 sq ft of industrial and research buildings on five cleared acres of the site.

The Leatherhead deal, where *Barnett Baker acted for Glen*gate, is a departure for Airfix. But Mr. Ehrmann warns against reading too much into the move. "I don't," he says, "see us becoming property developers. This is just a cautious toe in the water . . . we are constantly looking for situations where we can use our funds profitably and, if this works out, we may do some more."

Dutch agent for UK

ZADELHOFF MAKELLARS, one of Holland's largest property agents, plans to open a British office next Spring, writes Charles Batchelor from Amsterdam.

Mr. C. Van Zadelhoff, speaking at the firm's 10th anniversary *this week, said that, in response* to strong demand from Dutch investors for British property, he is "80 per cent certain" of starting a London office next year. The firm, which expects to manage properties worth around Fl 1.5bn (£370m) in 1978, is also considering opening a Belgium office. Its 90 staff already operate eight offices in Holland, one in Frankfurt, and one in Denver, Colorado.

Sir James Goldsmith's empire took a stake in Zadelhoff in 197– when British developers were beginning their invasion of the Dutch property market. The stake was subsequently sold, and Zadelhoff is now 50 per cent owned by Blauwhoed, the property arm of the Pakhoed Group.

Mr. Zadelhoff feels that Dutch investors are being forced to *look abroad by the shortage* of property at home and the need to spread portfolio risks. Reviewing the local market, he sees the ever growing weight of institutional investment funds, and the scarcity of new development underpinning a continued fall in prime commercial yields. But he says that if the office letting trends of the past five years continue the market should be in balance within two years. After that the number of properties on offer is expected to increase sharply.

An average of around 1m square metres of offices have been available in the Dutch market over the past five years, with 70 to 80 per cent in the Rotterdam-The Hague-Amsterdam-Utrecht crescent. About 1.3m square metres of new offices are due to be built in the next five years creating, on current take-up rates, a possible oversupply by the turn of the decade.

●

ZADELHOFF'S plans reflect the growing interest of Dutch funds in British property. Last week's 48p a share cash offer for Midhurst White from Wereldhave, a more comfortable first step into the market than its earlier, abortive approach to English *Property Corporation, follows* Bredero's success in winning both the Aberdeen and Epsom central area redevelopments, and Ian Percy's move to set up the New England property companies in partnership with Holland-West Vast Goed BV.

●

Property Deals appear on Pages 26 and 38

INDUSTRIAL AND BUSINESS PROPERTY

PROPERTY DEALS

Facelift for Edinburgh

THE CROWN Estate Commissioners have stepped in as the first developers to take a serious interest in Edinburgh's delapidated south side.

Edinburgh District Council has sold the Commissioners its freehold on a 1¾ acre site—bordered by Nicolson Street and Simon Square—for a nominal amount. In return, the Commissioners are to carry out a redevelopment scheme costing £2½m at current prices. The development will create 25,000 sq ft of shops in 20 units, a 17,000 sq ft supermarket, a 2,500 sq ft of offices, 45 flats, and 220 bed units for Edinburgh University.

The District Council, which was unable to fund the redevelopment itself, is expected to take a "top slice" interest in the commercial content of the scheme. But its primary interest in the project is to spark a general renewal of the long blighted southern portion of the city.

Kenneth Ryden and Partners, who acted for the Commissioners on the site acquisition and who remain as project managers and letting agents, have already signed up a pre-letting for the supermarket. Laws Stores of Gateshead are to take the unit.

A number of short-let shop tenants on the existing site are to move into the new retail space, which should be completed by 1981. The University has agreed to rent the student accommodation, and the 45 flats will be sold individually.

●

VOLKSWAGEN'S RECENT move to a central parts depot at Milton Keynes released 308,000 square feet of industrial sites around the country. Grant and Partners, who have been commissioned to dispose of all the regional depots, have now sold one to British Leyland and have another two under negotiation.

Aveling Barford, a BL subsidiary, has paid £245,000 for VW's 22,310 square feet, 4.93-acre former depot at Murray's Gate Industrial Estate in Whitburn, West Lothian. The largest of the remaining units, at Ramsgate, has been extended to take in 172,260 square feet of industrial and warehouse space on 18 acres, and here Grant is looking for a purchaser with around £2m to spare.

The remaining sites are, at least initially, being offered as underleases. VW has 46,000 square feet on 10.8 acres in Doncaster, available at £1 a square foot; 44,830 square feet at Edenbridge, Kent, on a 2.4-acre site offered at £54,000 a year; and 22,170 square feet on 3.21 acres in Trowbridge costing £31,000 a year.

●

ROY COOMBES, surveyor to the managers of the £40m Schroder Property Fund, now has to find a home for around £1m a month of new funds. Competition for suitable investment properties has made him turn to development schemes, and a funding partnership with John Brown's City and Continental Properties provides a very comfortable home for £3.31m of Schroder Fund money over the next two years.

Late last year, John Brown, who sold his Second Union properties for £7m to Montague Burton Property Investments close to the peak of the last bull market in September 1973, bought Calder House, Piccadilly, W1, opposite the Ritz Hotel, from National Westminster Bank's Pensman Nominees. Schroder has now come in to finance the rebuilding of the block, which will eventually have 25,620 sq ft of offices and two floors of modernised restaurant and club space in the former Hatchetts Restaurant site.

Bank of Credit and Commerce has already pre-let 14,660 sq ft at £8.22 a square foot, and Mr. Brown's group will receive additional finance from Schroder if the letting of the remaining space runs above that now rather historic looking rent. Elliott Son and Boyton and Lambert Smith and Partners are joint letting agents on the space, which should be fully refurbished by early 1980.

●

MARK HOMAN of Price Waterhouse, receiver of the bulk of Amalgamated Investment and Property's former portfolio, has sold the 24,250 square feet Fenwick House, at 289 to 293, High Holborn, to Iraq Petroleum Pensions for around £2.5m.

The block was almost completed when AIP collapsed in 1976. Mr. Homan, using Knight Frank and Rutley, carried through the development and recently let the ground floor shop units to Celcon and Gagliardi Designs for just over £130,000 a year before marketing AIP's head-leasehold interest on the whole building. Iraq Petroleum was advised by Barrington Laurence.

●

THE WOLVERHAMPTON based William Whittingham Group of Companies has resolved a site rationalisation problem for Butterfield - Harvey's subsidiary Beldray.

Beldray currently occupies a mixed range of buildings at its Mount Pleasant headquarters in Bilston. With the advise of Wolverhampton agents Bernard Hughes, Kennard and Vaughan, Beldray has now signed to pre-let 153,000 sq ft of new industrial and warehouse plant built partially on a five acre site assembled by Whittingham, and partly on the group's adjoining Barton Industrial Estate. As this £1m building project is completed over the next two years, Beldray will move into the new space, vacating is present 7½-acre site.

Whittingham has agreed to purchase this vacated land from Beldray and has already won planning permission for 140,000 sq ft of industrial and warehouse space on the site. At the end of the day Beldray will have new premises leased at an open market rent from Whittingham, and the developer will have a total of 290,000 sq ft of industrial space with an estimated end value of around £4m at current rents.

JB

INTERNATIONAL PROPERTY

FARMING AND RAW MATERIALS

[G]rain and [s]oyabean [p]rices hit

By Our Commodities Staff

[CHICAGO — CORN] AND soyabean prices fell [at th]e opening on the Chicago [futures] markets last night after [the] larger-than-expected crops [forecast] by the U.S. Department [of Ag]riculture.

[The] soyabean crop estimate has [been] lifted to 1,792bn bushels [and m]aize (corn) to 6.8bn bushels [compa]red with last month's fore[cast] of 1.7bn and 6.7m bushels.

[Mr. Dal]e E. Hathaway, assistant [agric]ulture secretary for inter[nation]al affairs, said the USDA [would] have to work out new [plan]s for the 1979 feedgrain [crop] after the record crop pre[dicted]. But any decision of a [...]de would have to take into [accou]nt likely domestic demand [and e]xports to other countries [such a]s China and the Soviet [Union].

[He] confirmed the U.S. has [given] the Soviet Union approval [to ste]p up grain purchases in the [comin]g year if it wants. During [talks] this week Russia was told [it cou]ld buy up to 15m tonnes of [wheat] and corn without further [consu]ltation.

[Mr.] Hathaway said, based on [USDA']s assessment of the Soviet [grain] and livestock feeding [requir]ements, net grain imports [by th]e USSR is not likely to [excee]d 14m. tonnes this year.

[The] USSR bought 3,478,700 [tonne]s of U.S. wheat—2,670,100 [tonne]s from the 1977/78 market[ing ye]ar and 808,600 tonnes from [1978/]79 year supplies—and [...],700 tonnes of corn in the [secon]d year of the agreement.

[The US]DA also announced that [China] has bought an additional [...]0 metric tons of U.S. corn [for de]livery in 1978-79. After [being] out of the U.S. grain mar[ket f]or four years. China has bought about 2.6m tonnes [of wh]eat and 276,000 tonnes of [corn]. It has also this year pur[chase]d soyabean oil and cotton.

[Th]e Soviet sunflower seed [harve]st has been completed in [only] 38 per cent of the sown [area] and the approach of winter [is thr]eatening the quality of the [crop], the agricultural daily [Selskay]a Zhizn said in Moscow.

[U].S. tobacco [cr]op higher

WASHINGTON, Oct. 12.

[The] 1978 American tobacco crop [is est]imated at about 2.01bn lb. [...] per cent from last year's [produ]ction and 1 per cent more [than] forecast last month, the [A]griculture Department said.

[Flu]e-cured output, estimated [at al]most 1.23bn lb as of [Octob]er 1 surveys, is up 9 per [cent f]rom last year while Burley [tobacc]o, at about 622m lb, is up [... per] cent from 1977.

'Disaster' level for egg prices

BY RICHARD MOONEY

CONTINUING OVERPRODUCTION has forced British egg producers to cut their prices—wiping out the rises announced last month. From Monday retail egg prices will be 4p a dozen lower for sizes one, two and five, 3p down for sizes three, four and six, and 2p down for size seven.

Goldenlay, Britain's biggest egg marketing consortium, claimed yesterday that the cuts meant egg prices would be at their lowest ever in real terms. "This is grave news for producers," the company added.

September's price rise followed an upturn in consumption after the August bank holiday, but this improvement has not been maintained.

The egg market is still floundering following the heavy overstocking with chicks earlier in the year. Chick placings rose by 4 per cent in the first half of the year and by 7 per cent in July. A 6 per cent fall in August was seen by Mr. Denis Cummings, chief executive of the Eggs Authority, as evidence that the tide had turned, but Mr. Cummings warned yesterday "there are still too many hens producing too many eggs."

He said the rise in chick placings had begun 18 months ago and the August fall could not be expected to be reflected in egg production until the new year.

If nothing were done, low returns could force some egg producers out of business, leading to a shortage and higher prices next year, he warned.

The authority is still making progress on a plan to reduce the surplus by subsidising the slaughter of 2.5m hens. But no action is likely for several weeks at least. Mr Cummings said the next meeting on this issue was planned for October 25. The authority is also looking into the possibility of clearing some of the surplus through cheap sales to processors, he added.

Mr. Peter Jones, director of the National Farmers' Union intensive livestock division, said the new price fall was "disastrous news" for egg producers. He said prices often fall in October because of increased egg hatching, but this had not been a major factor this year. Many of the chicks hatched had been exported.

He blamed the weakness of the market mainly on the difficulty of finding export outlets. The EEC traditionally exports a large number of eggs to the Middle East but has this year faced sharply increased competition from the U.S., Brazil and Eastern Europe where layers are fed on cereals costing about half the EEC price. This had led to a fall in EEC egg prices, Mr. Jones said.

He also thought under-consumption had hit prices. "Egg consumption has risen slightly this year but not by the amount that might have been expected in view of the low prices," he said. "At about 28p a pound eggs compare very favourably with other protein foods such as meat and fish," he said.

Mr Jones thought increased advertising effort might help. More TV advertising in Scotland had led to a bigger than average increase in consumption.

Upturn in cocoa market

By Our Own Correspondent

THE RECENT fall in London cocoa futures prices was halted yesterday with the March position ending the day £16.5 higher at £1,929 a tonne.

The market opened strongly and March cocoa reached £1,934 during the morning. But prices dipped during the afternoon following the announcement of first week purchases in Ghana's main crop marketing season.

The Ghana Cocoa Marketing Board said purchases for the week ended yesterday totalled 11,896 tonnes. Last year, the main crop season started on October 14 and no purchase figure was published until November 14 by which time the cumulative total was reported to have reached 14,529 tonnes.

Traders generally had been anticipating a good start to the crop, however, and the early downward reaction, which took March cocoa to £1,912 a tonne, was quickly discounted. By the close the market tone was described as "steady."

Dealers explained that though higher than last year's level the early Ghana purchase figure was no better than normal.

In Washington meanwhile, the U.S. Agriculture Department forecast world 1978-79 cocoa production at 1.4m tonnes, about 5 per cent below the 1.47m produced in the 1977-1978 season. World grindings are forecast at about 1.30m tonnes, leaving a surplus of 110,000 tonnes. Market sources said this figure agreed broadly with their own projections though the indicated surplus was much higher than the 19,000 tonnes forecast by the International Cocoa Organisation earlier this week.

COMMON AGRICULTURAL POLICY

Surpluses out of control

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MR. DOUG ANTHONY, the Australian Minister for Trade, has been attacking what he calls the "dumping" of EEC sugar in Papua, New Guinea right on Australia's doorstep, in a market Australia regarded as traditionally its own.

A source in Chile reported the other day that EEC sugar exports were ruining the sugar beet industry in the south of that country.

U.S. Congress is pressing for countervailing duties be placed on imports of EEC sugar, ham and other products. The New Zealand Dairy Board complains of unfair competition on world markets. So it goes on.

These complaints centre on the methods used for the disposal of the European Community food surpluses. When a commodity, say sugar, is in surplus to community needs the Commission tenders for traders, to bid for export licences and subsidies on a basis that will enable them to compete with sugar on world markets.

For instance, the world price of white sugar is about £118 per tonne, but to be competitive EEC sellers have recently needed a subsidy of about £134 per tonne.

Only, of course, the EEC does not call it a subsidy—the term used is restitution. The Commission defends this by saying that all it does is reduce the EEC price of the commodity, so that the trader can sell it at the world price.

This, of course, is "dumping" in the eyes of the Australians and many others. They are looking for the establishment of rules under the multinational trade negotiations to protect the interests of traditional agricultural exporters.

The accepted definition of dumping is the sale of goods abroad at less than the cost on the home market. And, in the case of textiles and other products, the EEC has been pretty assiduous in trying to stop it, where harm is being done to local interests.

The position for agricultural products is not quite as clear cut. An article under GATT provides that subsidies on agricultural exports should be avoided, but if they are used it should not be in such a way as to gain the country concerned an unfair share of the world market.

EEC spokesmen have claimed that they are far from seeking to grab a large share of any market and do not intend to establish the Community as a major exporter of food. They point to the very real cost of the restitutions, and the attempts which they are making to keep production in check. In any case they claim, the Commission has no say in the final price charged.

The restitution is calculated by a formula which takes account of the average world price, and should in theory mean that no undercutting would be possible without the exporter losing money. But according to critics, either the restitutions are too generous, or there are further hidden national subsidies.

The New Zealand Dairy Board, for instance, claims that it is losing much of its butter market in the Caribbean because of aggressive cut-price selling by Irish interests. Complaints to the Commission have brought little comfort.

There do appear to be two separate facets to the dispute. The U.S. Government is under great pressure from domestic interests to halt the unfair competition to their home market by subsidised imports.

But overall, the U.S. exports of agricultural products to the EEC are much larger than their imports from the EEC in agricultural products.

This, of course, does not apply to the other traditional exporters, who state that, unlike the U.S., they have been almost completely shut out of the community. The U.S. admittedly is facing increasing difficulties in selling grain to Europe, but does still have a very large market for such commodities as soyabeans, cotton and other oilseeds at present not subject to import levies.

They also claim that community traders, backed by the restitutions, are fundamentally weak sellers and will always be prepared to try to secure a larger restitution simply to get rid of the product. This of itself makes the market bearish. All of them, the U.S. included, are appalled by the news of record harvests and milk yields in Europe this year.

In fairness, those who founded the Common Agricultural Policy years ago did not foresee the permanent, or structural, surpluses which have built up in milk and sugar and are very likely as well for grain and beef. Nor was it envisaged that EEC prices would rise so far above those of the world market, without some corrective action for which the CAP did provide in theory.

The restitutions were expected to be no more than a temporary expedient to deal with sudden unexpected surpluses, not as a permanent feature of policy. Now the system has got completely out of hand, and the whole of the CAP is taking on the character of a Frankenstein monster, which no one can control.

Those who seek to defend it argue that while surpluses may be embarrassing now, they are of short duration: that within a very few years rising populations, droughts and other natural disasters will make food scarce and it will all be wanted.

That, of course, was what Dr. Malthus said 200 years ago, and he and his successors have always been proved wrong.

Heavy selling halts rise in metals

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES rose to new peaks on the London Metal Exchange yesterday. But in common with other metals, the market was hit by heavy profit-taking, triggered off by the firmer trend in the dollar in the afternoon.

Standard grade cash tin after reaching £7,740 at the morning settlement, closed at £7,085 a tonne, still £95 up on the previous day.

The firm undertone of the market reflected a sharp rise in Penang overnight, and forecasts of a sizeable decline in LME warehouse stocks this week.

Copper, lead and zinc values, after advancing strongly in the morning, ended the day lower because of afternoon selling. The decline started in gold and the precious metals, which lost ground in New York when the dollar moved up after further support measures, and a rise in U.S. prime interest rates to 10 per cent.

Silver prices, after topping $6 (and 300p) an ounce in the morning, were also reported to have been depressed.

Silver bullion closed 8.5 cents lower at 592.75 cents, after being fixed at 601 cents (301.2p) in the morning.

Sugar Bill blocked in U.S. Senate

WASHINGTON, Oct. 12.

Senator John Heinz blocked Senate consideration here today of a Sugar Pricing Bill.

Senator majority leader, Robert Byrd, agreed not to push for consideration of the Bill following a procedural objection by Sen. Heinz. Senator Heinz said the relevant report had not been available to the Senate for the required three days.

With Congress planning to adjourn on Saturday, the Sugar Bill could still be brought up, possibly tomorrow.

Hopes of wheat pact rise

BY GROG SMOSARSKI

BOTH THE EEC and the U.S. delegations are expected to press for the reconvening of a conference to negotiate an international wheat agreement when the conference's interim committee meets in London on Monday.

As the main differences at the talks have been between the EEC and the U.S., observers believe that the London meeting should ensure that the full talks start in Geneva on November 6.

The differences are largely the same as they were when the conference stalled in Geneva just before Easter. But members of the EEC delegation have hinted that the Community's position has softened, and some believe that the talks will lead to an agreement.

The most difficult point to negotiate will be the extent of financial help that should be given to the poorest countries to enable them to carry their share of the internationally co-ordinated stocks.

These countries can get finance to build their stocks from the IMF or the World Bank, as the U.S. keeps pointing out. But the countries are also worried about help towards the cost of maintaining the stocks. The EEC delegates say they are looking at what the Community could do to help.

The U.S. is understood to be reluctant to contribute towards the poor countries' stocking costs because the main advantage of the wheat agreement from its point of view (and also from Canada's) will be sharing of the burden of carrying a major proportion of the world's food stocks.

Progress at the talks is important not only for the world's grain trade, but also for all the trade covered by the multi-lateral trade negotiations under GATT. The two sets of talks are locked together because most nations will want to offset any concessions they make under the wheat trade agreement against the broader measures.

On the other points of disagreement at the wheat talks, the U.S. is still unwilling to give supply commitments, but the EEC would probably settle for agreement with community members getting priority in buying during times of shortage.

The gap on proposed stock levels is as large as ever, with the U.S. wanting 30m tonnes, and the EEC 12m to 15m tonnes.

The two sides are still quite far apart on prices, but delegates are confident that this difference can be resolved. Also, the coarse grains agreement probably will become a consultative affair.

Coal shortage threat to Indian tea

CALCUTTA, Oct. 12.

NORTH INDIAN tea producers are worried by the coal shortage which the flood has aggravated. The Indian Tea Association says that the shortage is now so acute that some tea estates have coal stocks only for a few days. Without some prompt arrangement being made to rush coal supplies to the gardens, production in many of them may have to be stopped.

The tea industry in North India is also facing a serious working capital problem due to the damage caused by the floods to at least 150,000 chests of tea stored in Calcutta warehouses, and to disrupted road and rail communications between the tea-growing areas and Calcutta.

According to the Indian Tea Association, the value of tea damaged in Calcutta warehouses is between Rs 80m and Rs 120m.

[CO]MMODITY MARKET REPORTS AND PRICES

[BA]SE METALS

[illegible]

sharply with forward metal finally £778.5 on the late kerb. Turnover 32,975 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at [illegible] [illegible]

standard metal rise to an all-time high of £7,405 on the morning kerb following short covering and chartist buying. However, in the afternoon heavy liquidation caused the price to fall sharply to £7,220 on the kerb before it rallied marginally to close at £7,330. Turnover 1,670 tonnes. [illegible]

[illegible]

[illegible] Index Limited 01-351 3466. Three-months Tin 7293-7357 [illegible] mont Road, London SW10 0HS

1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

COCOA

[illegible]

COFFEE

[illegible]

SILVER

[illegible]

GRAINS

[illegible]

SUGAR

[illegible]

RUBBER

EASIER opening on the London physical market. Good interest at lower levels, closing steady. Lewis and Peat reported a Malaysian godown price of 238 (281) cents (buyer, Nov.).

[illegible]

SOYABEAN MEAL

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

Cuban: 4.00-4.20: Israeli: Jaffa 4.20-4.85. Apples—French: New crop Golden Delicious 20-lb 72 2.00-2.30, 84 1.60-1.90; 40-lb 3.80-4.00, Stark Crimson 20-lb 84 2.40, 72 2.70, Granny Smith 2.10-2.30. Pears—French: Alexandria 2.50: Per pound Italian: Williams 0.14-0.16. Plums—Romanian: Anna Spath per tray 1.80. Grapes—Italian: Regina 1.60-1.70. Black Regina 2.10. French: Alphonse per pound 0.14: Spanish: Almeria 3.00. Negri 2.50. [illegible]

[illegible] Per 28-lb 0.60. Carrots—Per [illegible] 0.70. Capsicums—Per pound 0.25-0.30. Courgettes—Per pound 0.16-0.18. Onions—Per bag 1.60, Picklers 2.80. Swedes—Per 28-lb 0.30. Turnips—Per 28-lb 0.80. Parsnips—Per 28-lb 0.90-1.00. Sprouts—Per pound 0.06-0.07. Cobnuts—Per pound Kent 0.45. Corn Cobs—Each 0.04-0.05.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£7.40, codlings £3.80-£5.00, large haddock £5.50-£6.00, medium £4.30-£5.40, small £3.20-£3.60, large plaice £5.60, medium £4.80-£5.60, best small £4.40-£4.50, skinned dogfish (large) £7.50, medium £6.00, lemon soles (L) £9.00, (M) £7.50, saithe £1.70-£2.10.

Silkin visits N. Ireland

By Our Commodities Staff

JOHN SILKIN, UK Minister of Agriculture and Fishing, yesterday left for a surprise two-day visit to Northern Ireland, including a trip to the controversial Mourne fishery.

The Ministry said Mr. Silkin was planning to meet representatives from the fishing and farming industries. Last week Mr. Silkin was sharply attacked in Brussels by Eamonn Gallagher, head of the EEC Commission's fishing directorate, for his "anti-conservation" attitude in allowing the Mourne fishery to remain open while the Commission had recommended its closure.

The Intervention Board for Agricultural Produce said yesterday the EEC Commission was to reintroduce monetary compensatory amounts for Ireland, from next Monday.

These have been suspended since July, but are being reintroduced because of fluctuations in European currency values. This means the subsidies paid on Irish food exports to Britain should be marginally reduced.

Kenya company

BARCLAYS Bank Trust Company has established a new trust company in Nairobi, to be known as Barclays Bank Trust Company of Kenya. The new company will meet what the bank believes to be a growing need in Kenya for specialised financial services.

PRICE CHANGES

Price in tonnes unless otherwise stated

	Oct. 12 1978	+ or —	Month ago
Metals			
[illegible]			£710
[illegible]			$1070/80
[illegible]			£732.50
[illegible]			£750.50
[illegible]			£722.5
[illegible]			£740.75
[illegible]			$210.625
[illegible]			£361.5
[illegible]			£356.75
[illegible]			$1.79
[illegible]			1.92
[illegible]			£150
[illegible]			£134.80
[illegible]			$125/30
[illegible]			283.25p
[illegible]			290.25p
[illegible]			£7,250
[illegible]			£7,045
[illegible]			$137.82
[illegible]			$140/44
[illegible]			£532.75
[illegible]			£332.75
[illegible]			$625
Oils			
[illegible]			$795
[illegible]			£708
[illegible]			£527
[illegible]			$590
Seeds			
Copra Philip.			$520
Soyabean (U.S.)			$267.80
Grains			
Barley [illegible]			
Home [illegible]			£80.10
Maize [illegible]			
French [illegible]			£100.50
Wheat			
No. 1 K[illegible]			£91.75
No. 2 Ha[illegible]			£81.75
English [illegible]			£89.5
Cocoa ship[illegible]			£2,074.5
Future [illegible]			£2,054.5
Coffee Fu[illegible]			
Nov. [illegible]			£1,505
Cotton 'A' [illegible]			74.10c
Rubber kilo	61.25p	—0.5	59.5p
Sugar (Raw)	£111	—1.0	£101
Woollops 64s kilo	273p	....	278p

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. r Oct. s Oct.-Nov. t Nov.-Dec. u Nov. w Dec. z Per ton. ‡ Indicator prices.

INDICES

FINANCIAL TIMES

Oct. 11	Oct. 10	Month ago	Year ago
262.30	262.60	253.57	237.30

(Base: July 1, 1952=100)

REUTERS

Oct. 12	Oct. 11	Month ago	Year ago
1517.0	1513.5	1485.6	1491.9

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Oct. 11	Oct. 10	Month ago	Year ago
Spot	381.90	380.33	381.65	374.65
Futures	381.16	381.75	381.08	318.99

(Average 1924-25-26=100)

MOODY'S

Moody's	Oct. 11	Oct. 10	Month ago	Year ago
Sple Commty	927.7	975.2	939.0	837.6

(December 31, 1931=100)

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 133 tonnes, bringing the total for the week so far to 1,341 tonnes. F. W. Tattersall reported. Renewed interest was shown in some Middle Eastern qualities but demand was light. Spinners continued to operate cautiously.

U.S. Markets

New highs in precious metals again

NEW YORK, Oct. 11.

PRECIOUS METALS once again established new life of contract highs on renewed speculative buying following sharp weakness in the U.S. dollar, reports Bache. Copper also benefited from trade arbitrage buying while cocoa and sugar eased on continued speculative liquidation and trade hedge lifting. Coffee finished slightly higher on mixed speculative and trade buying.

Cocoa—Dec. 162.65 (164.60), March 162.75 (164.60), May 162.60, July 162.25, Sept. 161.25, Dec. 157.25. Sales: 1,834.

Coffee—"C" Contract: Dec. 156.25 (154.50), March 141.74-143.00 (143.35), May 142.50-142.60, July 139.25-139.45, Sept. 136.25-137.00, Dec. 132.50-134.00, March 129.00-132.00. Sales: 845.

Copper—Oct. 68.15 (67.90), Nov. 68.66 (68.40), Dec. 69.25, Jan. 69.80, March 70.90, May 71.95, July 72.90, Sept. 73.70, Dec. 74.65, Jan. 75.25, March 76.00, May 76.75, July 77.50. Sales: 3,100.

Cotton—No. 2: Dec. 66.85-66.95 (66.63), March 69.15-69.20 (68.97), May 70.05-70.15, July 70.20-70.25, Oct. 66.45-66.53, Dec. 66.20, March 67.00-67.10. Sales: 3,250.

*Gold—Oct. 227.70 (224.90), Nov. 229.20 (226.40), Dec. 230.70, Feb. 234.40, April 238.10, June 241.80, Aug. 245.60, Oct. 249.40, Dec. 253.40, Feb. 257.50, April 261.70, June 266.00, Aug. 270.30. Sales: 18,000.

†Lard—Chicago loose 24.25 (same). NY prime steam 25.75 traded (same).

‡Maize—Dec. 229½-229¼ (229¼), March 239½-239¼ (238½), May 245½-246¼, July 248¾, Sept. 249½, Dec. 252½.

§Platinum—Oct. 326.00-331.00 (312.30), Jan. 322.70 (312.70), April 325.70 bid, July 329.10 bid, Oct. 332.30 bid, Jan. 335.60 bid, April 339.30 bid. Sales: 964.

‡Silver—Oct. 594.00 (569.00), Nov. 597.50 (592.50), Dec. 601.30, Jan. 605.70, March 614.10, May 622.70, July 631.70, Sept. 640.90, Dec. 655.20, Jan. 660.00, March 669.50, May 675.20, July 686.00. Sales: 10,500 [illegible] (585.00).

Soyabeans—[illegible]

[illegible]

STOCK EXCHANGE REPORT

Equities preoccupied with unresolved wage situation

Short Gilts under pressure on higher interest rate fears

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 2	Oct. 12	Oct. 13	Oct. 24
Oct. 16	Oct. 26	Oct. 27	Nov. 7
Oct. 30	Nov. 9	Nov. 10	Nov. 21

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

With most institutional investors again content to await any fresh moves in either of the BOC or Ford disputes and other pointers in the situation regarding wages this winter, trade in equity markets was reduced further yesterday. In contrasting vein, short-dated British Funds sustained noticeably heavier selling stemming from renewed fears of higher interest rates.

It was thus left to company trading announcements to provide the interest and, because yesterday's list was a fairly sizeable one, several features emerged to generate business. Leading issues found only a modicum of support, usually from bargain hunters, but maintained a firm appearance throughout the day; at the 3 p.m. calculation the F.T. Industrial Ordinary share index was 2.4 higher at 306.6, but prices were easing late.

Gilt-edged securities, too, began a little more confidently than on Wednesday. Small price recoveries were evident at both ends of the market, but late morning anxieties about Minimum Lending Rate brought about a reactionary trend among the shorts. Although the rate was held at 10 per cent, renewed pressure developed again in the late afternoon.

The market then backed away from sizeable liquidation some on behalf of Discount Houses, and talk revived of a possible rise shortly in interest rates; a U.S. Prime rate increase to 10 per cent was confirmed before the close. Losses among the shorts finally extended to ½, but the longer maturities were little affected although quotations were trending slightly easier in the end.

A good demand, most of which was institutional, helped the investment currency premium move forward to touch 81½ per cent by midday. Interest however waned somewhat in the afternoon and the premium drifted down a shade to close at 81½ per cent, for a net rise of ½. Yesterday's SE conversion factor was 0.7195 (0.7203).

Imperial Group were in demand in the Traded Option market yesterday and accounted for 120 contracts out of the total number of 669. Commercial Union and RTZ recorded 96 and 78 respectively.

Sporadic selling and the virtual absence of support left Insurances easier throughout. Brokers were particularly vulnerable and losses of 9 and 7 respectively were seen in Sedgwick Forbes, 411p, and Minet, 177p; the latter's interim results are expected shortly. Willis Faber relinquished 3 to 247p.

The major clearing banks edged higher. Lloyds, 257p, and Midland, 342p, hardened 2 apiece. Domestic and investment currency influences helped selected foreign banks improve, notably Deutsche which gained 2½ to £117 and Hong Kong and Shanghai, 7 to the good at 297p. Renewed speculative interest lifted FNFC ½ to 6½p.

Allied typified conditions in Breweries, closing a penny better at 86p following a slow trade.

Interim profits below market estimates left John Mowlem 12½ down at 118½p. Other Contracting and Construction issues, already unsettled by poor results within the sector, gave sympathetic ground. Elsewhere, specialist business and a selection of trading statements were responsible for notable movements. News that the purchase from ICI of the Farrow Group was nearing completion lifted Y. J. Lovell 7 to 122p, while new-time interest prompted a gain of 2½ to 44½ in Royco. Feb International issues responded to satisfactory interim returns, the ordinary and A improving a penny to 28p and 27p respectively, but lower mid-term profits left W. and J. Glossop 2 cheaper at 60p, after 58p. Renewed buying interest lifted Burnett and Hallamshire 3 to 220p, while one or two buyers were enough to add 6 to Blue Circle at 278p.

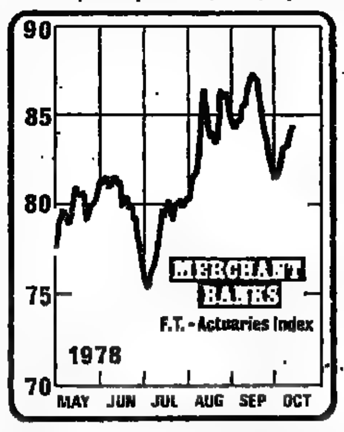
Initially a few pence up, mainly due to lack of sellers, ICI, 393p, eventually reverted to unchanged. News of an expected significant fall in profits failed to depress Norsk Hydro which improved ½ to £31½.

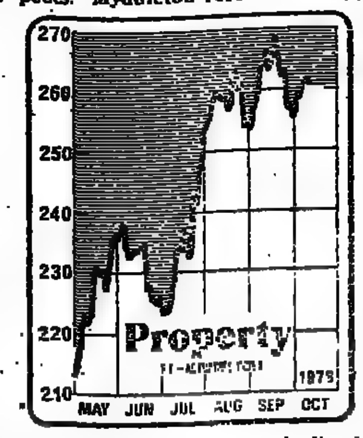
Lee Cooper please

A stream of company trading statements provided the Store sector with plenty of interest yesterday. Lee Cooper stood out with a rise of 15 to 165p in response to the better-than-expected interim profits, while Foster Bros, 182p and Ellis and Goldstein, 31p, both gained 2 following sharply higher first-half earnings. Austin Reed A also benefited from favourable mid-term results and closed 6 dearer at 104p. Elys (Wimbledon) added 4 to 132p in a thin market, and Wallis, 80p, and Waring and Gillow, 132p, rose 3 apiece for similar reasons. Comment on the half-yearly figures helped Empire put on 5 to 181p, but Selincourt closed a fraction softer at 27½p, after 27p, despite increased first-half profits and the Board's forecast of a record year. Of the leaders, Debenhams ended a penny off at 95p, after 94p, following interim results which came at the lower end of expectations. Marks and Spencer firmed a penny to 84p; the interim results are due next Tuesday.

Petbow, which recently announced a scrip issue of preference shares, slipped 11 to 126p on the Treasury's move to close this particular loophole in its dividend restraint policy. Elsewhere in Electricals, Dale Electronics declined 4 to 176p despite the optimistic tenor of the chairman's statement at the annual meeting. Farnell declined 6 to 412p for a two-day loss of 18p, while Eurotherm, 189p, and Unitech, 169p, lost 5 apiece. Of the few bright spots, Cray Electronics hardened 3 to 39p and Cableform 4 to 84p. The leaders closed little changed on the opening levels following a light trade.

Engineering leaders tended harder in extremely quiet trading. Gains of 2 were marked against John Brown, 464p, GKN, 272p, and Hawker, 244p. Elsewhere, the





forecast of higher current-year profits and the £7½m expansion plans contained in the full report stimulated buying interest in Adwest, which advanced 11 to 410p, while Danks Gowerton continued to benefit from the proposed one-for-one scrip issue and gained 9 further to 133p. Turriff firmed 2 to 89p in response to the encouraging interim statement, but the fall in the half-yearly profits left Green's Economiser a penny cheaper at 68p. Wadkin were firm at 152p, up 6, along with Braithwaite, 5 dearer at 110p, while Victor Products gained 6 to 264p following news that the company has raised £1½m through the European Coal and Steel Community to finance its three year expansion programme. Scattered demand left Martonair 3 firmer at 230p and W. E. Norton 1½ higher at a peak for the year of 35p. In contrast, the sharp fall in the interim profits left Bronx 2 cheaper at 29p. Centreway and Whitehouse were temporarily suspended at 280p and 115p respectively pending the outcome of discussions which may lead to a merger of the two companies.

Cartiers continued firmly in Foods, hardening 2 more to a 1978 peak of 96p in anticipation of interim figures expected shortly. Small buying in a restricted market raised Hazlewoods Proprietary 6 to 72p, while other firm spots included Bluebird Confectionery, 2 harder at 86p, and J. Bibby, 3 firmer at 257p. Following Wednesday's fall of 4, Bejam held at 59p following the announcement that the company had decided not to go ahead with the proposed scrip issue in preference shares in light of the Treasury's decision to close this loophole in its restraint on dividends. Goldrei Foucard, currently subject to a 103p per share cash bid from Northern Foods, fell 5 to 100p; it was announced yesterday that McCormack Products had disposed of its 151,129 shares.

Adda International hardened 2½ to 55p on the first-half profits increase and bonus scrip issue, while Warner Holidays A closed a shade better at 32½p on the chairman's statement on prospects. Myddleton rose 10 to 250p, but Trust Houses Forte declined 6 to 240p.

Reed Int up

The revelation that negotiations for the sale of the group's total interest in Reed Consolidated Industries have reached an advanced stage buoyed Reed International which rose 6 to a 1978 peak of 178p. Other miscellaneous Industrial leaders closed narrowly mixed after an idle trade. Beecham touched 700p in early response to Press comment but then drifted lower to close a net 4 down on balance at 691p. Bowater also cheapened 4 to 194p but Turner and Newall hardened 2 to 190p. Elsewhere, secondary issues provided numerous features, mostly following company news. The increased interim loss and omission of the dividend prompted a fall of 15 to 83p in Charles Hill of Bristol, while Martin Clack fell 8 to 33p, after 54p, in reaction to the halved interim dividend and lower first-half profits. H. Goldman cheapened 2 to 19p, after 18p, following disappointing mid-term figures and profit-taking following the interim statement left Hunting Associated 26 down at 350p, after 343p. Comment on the results prompted a fall of 6 to 183p in E. Fogarty. Further investment buying on consideration of the company's growth potential helped Ricardo rise 7 more to 347p, while a sharp rise in first-half earnings accompanied by a proposed rights issue prompted a rise of 3 to 112p in Fothergill and Harvey. Brunlons (Musselburgh) firmed a similar amount to 113p following favourable trading news and revived investment demand left Stag Furniture 5 higher at 137p. NCR 4 per cent, 1993-98, jumped 3 points to £94 in response to the higher third-quarter profits.

Still drawing strength from an investment recommendation, Bodycote International gained 3 more to 79p, while renewed demand in a thin market brought about a rise of 12 to 479p in De La Rue. Manchester Ship Canal, 298p, and A. R. Findlay, 47p, improved 6 and 3 respectively. An improvement in the investment currency premium prompted a rise of 11 to 246p at Jardine Matheson.

Bar and Wallace Arnold A, 167p, regained 5 of the previous day's loss of 13 that stemmed from the company's withdrawal of its proposed scrip issue in preference shares. Elsewhere, higher annual results and a proposed 1-for-15 scrip issue prompted a gain of a penny to 32p in Howard and Wyndham, but awaiting today's interim returns, Grampian eased that much at 38p.

Interest in the Motor sectors was at a low ebb and the few scattered movements were limited to a few pence either way. Components to edge a little higher included Lucas, 316p, Associated Engineering, 112p, and Armstrong Equipment, 65p, all around 2 firmer. On the other hand, Garages and Distributors tended easier. Lex reacting 1½ to 85p and Kenning a similar amount to 75½p, while Tate of Leeds were a penny cheaper at 73p. Charles Hurst, however, met further scattered support and put on 2 more to 92p.

Newspapers and kindred issues passed another quiet session, but provided several features on trading news. Annual profits substantially above earlier estimates lifted BPM A 11½ to 87½p. Bristol Evening Post held a sympathetic gain of 4 at 132p. Elsewhere, fresh consideration of the interim profits left Collett Dickenson 2 up at 90p. Small buying in a thin market prompted a rise of 10 to 112p in A. and C. Black, but late offerings left DRG 3 cheaper at 130p. Standing 5 higher immediately ahead of the interim announcement, London and Provincial Poster touched 220p on it before profit-taking left the close 13 up at 215p. Mills and Allen put on 13 at 200p following the chairman's optimistic remarks at the AGM.

Selected Properties improved on a revival of investment demand. Great Portland Estates firmed 8 to 222p, Stock Conversion 6 to 286p and Hammerson A 5 at 630p. Peachey, 90p, added 3, while Allnatt, 228p, and Mountview Estates, 84p, gained 4 apiece.

Oils improve

Oil leaders tended firmer in a continuing low volume of business. Occasional U.S. support left British Petroleum 8 to the good at 922p, while Shell hardened 3 to 380p in sympathy. Elsewhere, Lasmo OPS firmed 10 to 375p, but Tricentrol 174p, and Ultramar, 232p, both drifted off to close 2 cheaper. Dealings in Attock were suspended at 86p following the announcement of the proposed merger with Cambridge Petroleum Royalties.

Apart from Jersey External Preference, 6 higher at 184p on the publication of its net asset value, Investment Trusts rarely stirred from overnight levels. Overseas issues moved higher on dollar-premium influences, Robeco closing ½ firmer at £60½ and Rolinco ½ higher at £48½. Still reflecting recent Press comment, London Merchant Securities edged forward another 2 to a 1978 peak of 154p in otherwise little-changed Financials.

Proceedings in the Shipping sector continued to be dominated by the performance of Common Bros. which were briskly traded up to 163p before succumbing to profit-taking and closing 3 easier on the day at 147p. It was announced yesterday that Escopen had acquired a 5 per cent shareholding. Elsewhere, revived speculative interest lifted Milford Docks 10 to 120p and Mersey Dock Units 4½ to 35p.

Selective support was forthcoming for Textile issues. Still reflecting the good preliminary results Sirdar advanced 3 to 88p for a two-day gain of 12. Buying interest revived in Tricoville, up 6 at 90p, while David Dixon responded to an investment recommendation with a rise of 11 to 105p. In common with the other leaders, Courtaulds edged up 3 to 124p.

Gold Fields Properties reacted 5 to 80p following Wednesday's jump of 22 on Cape demand fuelled by the company's announcement that agreement has been reached whereby the uranium-bearing Bird reefs on its Luipaardsvlei mine are to be sold to West Rand Consolidated.

Plantations traded quietly and closed with little alteration. Sungei Krian were exceptionally firm at 85p, up 5, on small buying in a restricted market, while minor improvements were seen in Highlands, 112p, and Guthrie, 347p.

Golds lower

A $2 reversal in the bullion price to $224.875 per ounce saw South African Golds drift easier in idle trading with the Gold Mines index a further 1.3 off at 107.1.

Prices held steady at the outset reflecting the record morning bullion fix, but as the metal price gave ground Cape and American selling produced modest losses among most issues.

Heavyweights showed losses ranging to a half-point, as in Randfontein, £34, while Free State Geduld closed ½ cheaper at £18½.

On the other hand, West Rand Consolidated climbed 14 more to 146p on further consideration of the purchase of the mining titles of the Luipaardsvlei and Witpoortjie farms from Gold Fields Properties.

South African Financials moved similarly to Golds. Anglo American Corporation were finally 2 easier at 364p, after 360p, while De Beers closed 6 down at 410p, after 408p.

London-registered [illegible] tended to ease in the [illegible] after registering good [illegible] morning. Rio Tinto-Zinc [illegible] firmer on balance at [illegible] 265p, while Charter ended [illegible] harder at 156p, after [illegible] reflecting optimism [illegible] Ashton diamond [illegible] Western Australia.

FINANCIAL TIMES STOCK INDICES

	Oct. 11	Oct. 10	Oct. 9	Oct. 6	Oct. 5	Oct. [illegible]
Government Secs.	69.65	69.87	69.87	69.89	69.95	[illegible]
Fixed Interest	71.79	71.87	71.85	71.88	71.82	[illegible]
Industrial	504.2	509.3	510.2	503.0	504.8	[illegible]
Gold Mines	168.4	168.8	167.1	172.5	175.9	[illegible]
Ord. Div. Yield	5.35	5.29	5.28	5.34	5.41	[illegible]
Earnings Yld % (full)	14.83	14.69	14.66	14.80	14.98	[illegible]
P/E Ratio (net) (*)	8.92	9.01	9.03	8.94	8.85	[illegible]
Dealings marked	4,852	4,855	4,594	4,172	4,793	[illegible]
Equity turnover £m	—	77.51	59.56	71.61	59.85	[illegible]
Equity bargains total	—	15,350	13,657	13,168	15,369	[illegible]

10 am 506.3. 11 am 504.4. Noon 504.9. 1 pm 504.5. 2 pm 504.6. 3 pm 504.6.
Latest index 01-246 8026.
*Based on 52 per cent corporation tax. †Nil=8.6.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/8)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.0 (14/8)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 11	[illegible]
—Daily		
Gilt-Edged	[illegible]	[illegible]
Industries	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-day Average		
Gilt-Edged	[illegible]	[illegible]
Industries	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 10	Oct. 23	Jan. 11	Jan. 23
Oct. 24	Nov. 6	Jan. 25	Feb. 6
Nov. 7	Nov. 20	Feb. 8	Feb. 20

For rate indications see end of Share Information Service

Money was given for the call in Consolidated Gold, Inter-City Investment, Burton A, Status [illegible], Marchwiel, Glaxo, [illegible] International, Dawson International, Spillers and [illegible] Wyatt, while doubles [illegible] arranged in Siebens Oil, Glaxo, Marchwiel and [illegible] Land.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
770	F.P.	27/10	855	800	British Aluminium New	850	−5	[illegible]	[illegible]	8.8	5.6
101	F.P.	24/11	[illegible]	94	Ferranti New	380	+3	[illegible]	[illegible]	[illegible]	10.0
101	Nil	22/1	[illegible]	[illegible]	Do. Nil Paid	285pm	+2	[illegible]	[illegible]	[illegible]	[illegible]
44	F.P.	24/11	[illegible]	[illegible]	[illegible]	55	−½	[illegible]	[illegible]	9.7	11.4
[illegible]	F.P.	—	122	110	Rightwise	117	......	—	—	—	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
[illegible]	—	16/10	18p	12½p	[illegible] 12% Conv. Prf.	13½p	......
[illegible]	F.P.	10/11	106p	99p	[illegible] Bros. 10% Prf.	104p	+2
[illegible]	£1	4/1	[illegible]	10	[illegible] Waterworks 7% Prf. 1983	10	......
[illegible]	F.P.	10/11	[illegible]	101	Casket (S.) 10½% Prf.	101	......
[illegible]	—	27/10	109p	104p	Cowan De Groot 10½% Prf.	109	......
99p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] 1st Deb. 2003-08	[illegible]	......
£10	F.P.	[illegible]	[illegible]	101	Howard & Wyndham 12% Uns. Ln. [illegible]	101½	......
£99½	F.P.	—	99½	[illegible]	Kensington and Chelsea Var. Rate 1983	99½	......
[illegible]	—	9/11	81	[illegible]	Latham James 8% Cum. Pref.	81	......
[illegible]	F.P.	10/11	105½p	[illegible]	Marshall Halifax 10% Prf.	105½	+½
[illegible]	F.P.	10/11	83½	[illegible]	[illegible] Prf.	83½	+½
[illegible]	Nil	26/10	[illegible]	21pm	[illegible] Laundries 12% Cnv. [illegible]	21pm	−2
[illegible]	F.P.	—	[illegible]	[illegible]	Rightwise [illegible]	118	......
£99½	£10	10/1	9	7¾	Southwark Corp. 11½% Red. 1987	7¾	−¼
£99¾	F.P.	—	[illegible]	[illegible]	[illegible] Var. Rate 1983	98¼	......
£97	£10	26/1	£9½	£9½	West Kent Water 7% Pref. 1983	9½	−½

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

Thomas Tilling sets up new company

THE Thomas Tilling group has formed a new company named Newey and Eyre Group. Tilling has spent almost £40m this year on acquisitions and the new company, an amalgam of its subsidiary, Newey and Eyre and the recently acquired EC Engineering company, brought a month ago for £2m, will give it the chance to take on further acquisitions and develop its technical distribution activities.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

		Wed., Oct. 11, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Tues., Oct. 10 Index No.	Mon., Oct. 9 Index No.	Fri., Oct. 6 Index No.	Thur., Oct. 5 Index No.
1	CAPITAL GOODS (171)	245.91	−0.7	15.70	5.08	8.74	247.67	246.97	244.63	[illegible]
2	Building Materials (27)	210.62	−0.8	16.69	5.38	8.25	212.35	211.14	209.84	[illegible]
3	Contracting, Construction (28)	383.85	−1.0	18.07	4.12	8.04	387.69	386.57	383.81	[illegible]
4	Electricals (14)	580.58	−0.5	12.48	3.19	11.07	583.72	579.79	570.81	[illegible]
5	Engineering Contractors (14)	380.76	−0.1	17.39	5.70	7.79	382.32	382.28	380.43	[illegible]
6	Mechanical Engineering (72)	192.57	−1.0	17.15	5.67	7.78	194.42	194.23	192.80	[illegible]
8	Metals and Metal Forming (16)	170.42	−0.5	15.68	8.36	8.84	171.19	172.09	170.46	[illegible]
	CONSUMER GOODS									
11	(DURABLE) (53)	218.26	−0.6	15.73	4.86	8.88	219.54	218.75	216.13	[illegible]
12	Lt. Electronics, Radio, TV (16)	269.17	−0.8	13.68	3.79	10.25	271.31	270.20	265.13	[illegible]
13	Household Goods (12)	187.78	+0.1	15.86	6.03	8.68	187.63	186.23	186.06	[illegible]
14	Motors and Distributors (25)	129.54	−0.4	19.17	6.39	7.27	130.03	129.88	128.10	[illegible]
	CONSUMER GOODS									
21	(NON-DURABLE) (172)	217.28	−0.8	15.17	5.65	8.88	218.96	218.44	215.78	[illegible]
22	Breweries (14)	232.13	−0.9	14.45	6.11	9.52	234.13	231.17	228.98	[illegible]
23	Wines and Spirits (6)	286.59	−1.3	14.85	5.02	10.05	290.4[illegible]	289.08	285.40	[illegible]
24	Entertainment, Catering (17)	272.44	−1.1	13.34	6.40	10.93	275.45	274.89	271.86	[illegible]
25	Food Manufacturing (19)	211.58	−1.2	18.29	5.10	7.24	214.10	212.88	210.60	[illegible]
26	Food Retailing (15)	232.73	−0.8	12.99	4.42	10.70	234.67	232.63	229.20	[illegible]
32	Newspapers, Publishing (12)	396.69	−0.4	19.27	6.08	7.28	398.37	394.42	390.74	[illegible]
33	Packaging and Paper (15)	148.62	−0.4	17.33	7.21	7.60	149.26	148.12	145.51	[illegible]
34	Stores (40)	204.00	−0.5	10.75	4.46	13.57	205.08	206.38	204.03	[illegible]
35	Textiles (25)	186.58	−0.9	17.67	7.47	7.36	188.29	188.34	186.56	[illegible]
36	Tobaccos (3)	244.16	−0.4	22.55	7.68	5.25	245.15	244.07	240.34	[illegible]
37	Toys and Games (6)	116.56	−0.9	19.45	5.48	6.01	117.56	117.97	117.47	[illegible]
41	OTHER GROUPS (99)	211.62	−0.8	14.81	5.75	8.71	213.35	213.67	212.77	[illegible]
42	Chemicals (19)	296.66	−1.4	15.44	6.37	8.42	300.93	299.36	297.06	[illegible]
43	Pharmaceutical Products (7)	270.80	−1.0	10.52	3.83	11.66	273.56	275.37	277.61	[illegible]
44	Office Equipment (6)	140.18	−0.3	17.33	5.42	6.88	140.55	140.89	140.73	[illegible]
45	Shipping (10)	424.68	−0.2	14.64	7.18	8.73	425.49	427.77	428.35	[illegible]
46	Miscellaneous (57)	229.82	−0.3	16.36	6.13	8.13	230.50	231.46	229.12	[illegible]
49	INDUSTRIAL GROUP (495)	230.28	−0.8	15.26	5.47	8.80	232.02	231.64	224.44	[illegible]
51	Oils (5)	514.75	−0.3	13.57	3.91	8.00	516.48	510.04	507.50	[illegible]
59	500 SHARE INDEX	254.12	−0.7	15.01	5.24	8.67	255.88	255.05	252.80	[illegible]
61	FINANCIAL GROUP (100)	167.04	−0.1	—	5.82	—	167.28	166.52	165.51	[illegible]
62	Banks (6)	186.17	+0.2	25.11	6.30	5.97	185.83	183.65	181.89	[illegible]
63	Discount Houses (10)	208.99	+1.0	—	8.28	—	206.90	206.69	207.91	[illegible]
64	Hire Purchase (5)	156.69	−1.2	15.55	5.26	8.49	158.63	157.53	158.16	[illegible]
65	Insurance (Life) (10)	136.01	−1.5	—	6.91	—	138.09	137.47	135.48	[illegible]
66	Insurance (Composite) (7)	124.25	+0.1	—	7.06	—	124.08	124.14	123.37	[illegible]
67	Insurance Brokers (10)	342.34	—	13.86	4.84	10.32	342.50	341.29	340.49	[illegible]
68	Merchant Banks (14)	83.46	−0.8	—	5.83	—	84.10	83.30	83.26	[illegible]
69	Property (31)	260.56	−0.3	3.31	2.82	51.87	261.47	261.14	260.24	[illegible]
70	Miscellaneous (7)	109.59	+1.0	23.04	7.62	5.62	108.45	108.45	109.10	[illegible]
71	Investment Trusts (50)	223.98	−0.5	3.11	4.63	32.15	225.61	223.31	223.03	[illegible]
81	Mining Finance (4)	112.62	+0.1	15.64	6.32	7.79	112.49	111.49	110.25	[illegible]
91	Overseas Traders (19)	329.05	−0.3	14.81	6.99	8.46	330.05	328.63	327.75	[illegible]
99	ALL-SHARE INDEX (673)	231.65	−0.6	—	5.37	—	232.97	232.09	230.25	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed., Oct. 11	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.26	−0.07	—	7.38
2	5-15 years	114.08	−0.41	—	7.61
3	Over 15 years	118.62	−0.47	0.25	11.16
4	Irredeemables	126.79	−0.33	—	9.02
5	All stocks	111.71	−0.31	0.09	8.84

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Wed., Oct. 11	Tues., Oct. 10
1	Low Coupons	5 years	9.09	9.05
2		15 years	11.12	11.05
3		25 years	11.97	11.98
4	Medium Coupons	5 years	12.07	12.02
5		15 years	12.34	12.27
6		25 years	12.34	12.27
7	High Coupons	5 years	12.10	12.04
8		15 years	12.88	12.80
9		25 years	13.02	12.9[illegible]
10	Irredeemables		11.76	11.72

		Thurs., Oct. 12 Index No.	Thurs., Oct. 12 Yield %	Wed., Oct. 11	Tues., Oct. 10	Mon., Oct. 9	Fri., Oct. 6	Thurs., Oct. 5	Wed., Oct. 4	Tues., Oct. 3
15	20-yr. Red. Deb & Loans (15)	57.34	†12.97	57.65	57.70	57.70	57.72	57.70	57.70	[illegible]
16	Investment Trust Prefs. (15)	51.52	13.59	51.65	51.65	51.74	51.74	51.74	51.74	[illegible]
17	Coml. and Indl. Prefs. (20)	71.60	13.07	71.40	71.29	71.29	71.37	71.37	71.37	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in [illegible] issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon [illegible] London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Practical Invest. Co. Ltd.♥ (y)(c)

44, Bloomsbury Sq. WC1A 2RA. 01-623 8893

Practical Oct. 11	158.5	168.3xd	+0.9	4.09
Accum. Units	228.5	242.6	+1.2	4.09

Sector Funds

Commodity	80.5	86.5xd	-0.1	3.27
Energy	72.3	77.7	+0.1	1.69
Financial Secs.	73.0	78.4	-0.4	3.11

High-Minimum Funds

Select Internat.	264.7	279.3	-1.5	2.89
Select Income	55.7	58.7xd	-0.4	7.15

Do. Accum.	30.9	33.2	-0.1	9.13
Income	54.2	58.3	-0.3	6.42
Do. Accum.	63.2	68.0	-0.4	6.42
International	46.4	50.2	-0.2	2.34
Do. Accum.	49.5	53.4	-0.3	2.34
High Yield	64.6	69.5xd	-0.1	8.12
Do. Accum.	70.5	75.8	-0.2	8.12
Equity Exempt*	104.7xd	110.5	.....	5.63
Do. Accum.*	104.7xd	110.5	.....	5.63

*Prices at Sept. 29. Next dealing Oct. 31.

Finlay Unit Trust Mngt. Ltd.

West Nile Street, Glasgow. 041-204 1321

Internat'l.	25.0	27.2	+0.4	2.51
Units	29.5	32.0	+0.5	2.51
Income	35.0	38.0	+0.2	8.28
Euro.Fin.	27.6	29.8	-0.7	2.17
Units	32.0	34.7	-0.8	2.17
Fd. In Tst.	31.0	33.7	+2.0	4.00
Units	35.7	38.7	+2.3	4.00

Prices Oct. 11. Next dealing Oct. 18.

CORAL INDEX: Close 504-509

INSURANCE BASE RATES

†Property Growth	10¾%
†Vanbrugh Guaranteed	9.87%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

1-3 St. Paul's Churchyard, EC4. 01-248 9111

Equity Fund	38.2	40.3	....	—
Equity Acc.	32.9	34.7	....	—
Property Fd.	149.7	157.6	....	—
Property Acc.	159.9	168.4	....	—
Selective Fund	88.2	93.2	....	—
Convertible Fund	133.1	140.2	....	—
♥Money Fund	123.6	130.2	....	—
♥Prop. Fd. Ser. 4	131.1	138.1	....	—
♥Man. Fd. Ser. 4	138.3	145.6	....	—
♥Equity Fd. Ser. 4	36.0	38.2	....	—
♥Conv. Fd. Ser. 4	113.7	119.7	....	—
♥Money Fd. Ser. 4	111.6	117.5	....	—

Prices at Oct. 10. Valuation normally Tues.

Albany Life Assurance Co. Ltd.

31, Old Burlington St., W.1. 01-437 5962

♥Equity Fd. Acc.	198.6	209.2	....	—
♥Fixed Int. Acc.	141.4	149.0	....	—
♥Gtd. Money Fd. A.	115.8	121.9	....	—
♥Intl. Man. Fd. Acc.	114.1	120.0	....	—
♥Prop. Fd. Acc.	110.5	116.3	....	—
♥M'ple Inv. Acc.	172.1	181.1	....	—
Equity Pen. Fd. Acc.	236.9	249.3	....	—
Fixed I. Pen. Acc.	180.1	189.5	....	—
G'td. Mon. Pen. Acc.	131.9	138.8	....	—
Intl. Mn. Pn. Fd. Acc.	121.7	128.0	....	—
Prop. Pen. Acc.	126.3	132.9	....	—
M'ple Inv. Pen. Acc.	212.6	223.7	....	—

AMEV Life Assurance Ltd.♥

Alma Hse., Alma Rd., Reigate. Reigate 40101.

AMEV Managed	146.5	154.4	....	—
AMEV Mgd. 'B'	118.4	124.8	....	—
AMEV Money Fd.	106.5	112.1	....	—
AMEV Equity Fd.	119.0	125.4	....	—
AMEV Fixed Int.	92.1	97.1	....	—
AMEV Prop. Fd.	98.5	103.8	....	—
AMEV Mgd. Pen. Fd.	105.4	111.1	....	—
AMEV Mgd. Pen. 'B'	105.5	111.2	....	—
Flexiplan	98.9	104.2	....	—

AMEV/Framlington

American	90.5	95.4	....	—
Income	96.6	101.8	....	—
Int. Growth	93.4	98.4	....	—

For Arrow Life Assurance see Providence Capitol Life Assurance

Crusader Insurance Co. Ltd.

Vincula House, Tower Pl., EC3. 01-626 8031

Gth. Prop. Oct. 3	73.5	83.2	....	—

Eagle Star Insur/Midland Assur.

1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	55.9	58.0	-0.4	5.87

Equity & Law Life Ass. Soc. Ltd.♥

Amersham Road, High Wycombe. 0494 33377

Equity Fd.	120.7	127.0	-0.7	—
Property Fd.	109.4	115.1	....	—
Fixed Interest F.	108.6	114.3	-0.8	—
Gtd. Deposit Fd.	100.5	105.7	....	—
Mixed Fd.	113.8	119.7	-0.5	—

General Portfolio Life Ins. C. Ltd.♥

60 Bartholomew Cl., Waltham Cross. WX31971

Portfolio Fund		149.9	....	—
Portfolio Capital	42.2	44.4	....	—

Gresham Life Ass. Soc. Ltd.

2 Prince of Wales Rd., B'mouth. 0202 767655

G.L. Cash Fund	98.2	103.4	+0.1	—
G.L. Equity Fund	110.7	116.5	+1.3	—
G.L. Gilt Fund	112.9	118.8	-0.3	—
G.L. Intl. Fund	118.7	124.9	+2.0	—
G.L. Ppty. Fund	98.0	103.2	+0.1	—

Growth & Sec. Life Ass. Soc. Ltd.♥

Weir Bank, Bray-on-Thames, Berks. 0628-34284

Flexible Finance		£1,070	....	—
Landbank Secs.		54.01	....	—
Landbank Secs. Acc.	118.1	121.2	....	—
G. & S. Super Fd.		£7.982	....	—

Guardian Royal Exchange

Royal Exchange, E.C.3. 01-283 7107

Property Bonds	187.6	195.4	....	—

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

37, rue Notre-Dame, Luxembourg.

Allen Harvey & Ross Inv. Mgt. (C.I.)

AHR Gilt Edg. Fd.	£10.05	10.06	....	12.01

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I. O. Man) Ltd.

Keyselex Mngt., Jersey Ltd.

King & Shaxson Mgrs.

Gilt Fund Jersey	8.85	8.87xd		12.00
Gilt Fund Guernsey	9.23	9.25xd	-0.1	12.00

Kleinwort Benson Limited

20, Fenchurch St., EC3. 01-623 8000

*KB act as London paying agents only.

Lloyds Bk. (C.I.) U/T Mgrs.

Next dealing date October 16

Lloyds Bank International Geneva.

1, Place Bel Air P.O. Box 438 1211 Geneve 11.

M & G Group

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
105½	100⅞	Treasury 11½pc 79‡	100½	−⅛	11.39	9.12
97	94¾	Treasury 3pc 79‡	96		3.13	7.52
97½	95½	Electric 4¼pc 74-79	97		4.38	7.55
104⅝	99⅞	Treasury 10½pc 79‡	100xd	−⅛	10.45	9.99
96½	94¾	Electric 3½pc 76-79	95xd	−⅛	3.66	7.65
103½	96⅛	Treasury 9pc 1980‡	98¼	−⅛	9.16	10.38
102⅝	97⅛	Treasury 9½pc 80‡	98¼xd	−⅛	9.67	10.79
95½	92⅞	Treasury 3½pc 77-80	93⅝	−⅛	3.73	7.49
96½	93¼	Funding 5¼pc 78-80‡	94⅞	−⅛	5.53	8.54
110¼	102⅛	Exchequer 13pc 1980‡	102⅛	−¼	12.70	11.64
106½	99⅞	Treasury 11½pc 1981‡	99⅞	−⅛	11.54	11.59
91½	88¼	Treasury 3½pc 1979-81	89½		3.91	8.45
101¾	95½	Treasury 9¾pc 1981‡	96	−⅛	10.12	11.48
97⅞	91⅞	Exch 8¼pc 1981	92⅝	−⅛	8.89	11.43
100¾	94¼	Exch 9½pc 1981	94⅞	−⅛	10.02	11.69
87⅛	85⅝	Exch 3pc 1981	86½		3.47	8.46
97½	95½	Treas. Variable 81‡‡	95½xd		9.54	11.56
111	101⅞	Exch 12¾pc 1981‡	101⅞	−⅛	12.52	11.97
99½	91½	Treas 8½pc 80-82‡‡	92½	−⅛	9.22	11.40
85½	82⅞	Treasury 3pc 82‡	84½		3.54	8.26
115½	105⅝	Treasury 14pc 82‡	105⅝	−⅛	13.25	11.96
96½	94¼	Treas. Variable 82‡‡	94¼	−⅛	10.45	10.73
96½	89½	Treasury 8¼pc 82	89½	−⅛	9.20	11.72
100¼	91½	Exch 9¼pc 1982	91½	−⅛	10.09	11.95
96½	89½	Exch 8¾pc 1983	89½	−⅛	9.76	11.91
85¼	79½	Exch 3pc 83	82½		3.66	7.94
114¼	100½	Treasury 12pc 1983‡	100½	−⅛	11.94	11.85
100½	89½	Treasury 9¼pc 83	90½	−⅛	10.22	11.90
		Five to Fifteen Years				
95¼	93	Exch. 10pc 1983	94½	−⅛	10.85	12.06
89½	80¾	Funding 5½pc 82-84‡	82¼	−¼	6.76	10.13
96½	86½	Treasury 8¼pc 84-86‡	88½	−¼	9.84	11.18
87½	77	Funding 6½pc 85-87‡	77xd	−¼	8.40	10.60
89½	79½	Treasury 7¾pc 85-88‡	81½	−¼	9.72	11.32
68⅛	60⅛	Transport 3pc 78-88	63½	−⅛	4.79	8.79
75⅝	64¼	Treasury 5pc 86-89	65xd	−¼	7.69	10.41
115¼	101⅝	Treasury 13pc 1990‡	105½	−⅛	12.70	12.58
89½	77½	Treasury 8¼pc 87-90‡	81	−¼	10.54	11.69
106½	92½	Treasury 11¾pc 1991	97½	−⅛	12.49	12.69
75½	63⅛	Funding 5¾pc 87-91‡	64¼	−¼	8.97	11.14
112½	98½	Treasury 12¼pc 92‡	102⅛	−⅛	10.81	12.77
96½	84½	Treasury 10pc 1992	85½	−⅛	11.71	12.48
113	97½	Exch 12¼pc 92	98½	−⅛	12.69	12.78
110½	96½	Treasury 12½pc 93‡	100¾	−⅛	12.80	12.80
72½	60¾	Funding 6pc 1993‡	61½	−¼	9.85	11.55
		Over Fifteen Years				
120¼	104½	Treasury 14½pc 94‡	110¼	−⅛	13.27	12.98
128⅞	110⅞	Treasury 15¼pc 96‡	111½	−⅛	13.20	13.00
114½	97¾	Exch 12½pc 1994	99	−⅛	12.85	12.90
89⅞	76¾	Treasury 9pc 94‡	76¼xd	−⅛	11.59	12.22
106¾	93	Treasury 12pc 95	96⅞	−⅛	12.73	12.82
51	43½	Gas 3pc 90-95	44½xd	−⅛	6.74	9.87
95	82⅞	Exch 10¼pc 1995	85⅞	−⅛	12.27	12.67
114½	98⅞	Treasury 12¾pc 95‡	98½xd	−⅛	12.81	12.83
90½	76⅞	Treasury 9pc 92-96‡	77	−⅛	11.79	12.34
131½	113½	Treasury 15¼pc 96‡	113½xd	−½	13.33	13.14
117⅞	101⅞	Exchequer 13¼pc 96‡	101⅞xd	−⅛	12.91	12.89
50	42¼	Redemption 3pc 1986-96	43½	−⅛	6.93	9.75
115¼	100⅞	Treasury 13¼pc 97‡	105	−½	12.99	12.93
98½	85	Exchequer 10½pc 1997	85¼	−½	12.46	12.72
88¼	74⅛	Treasury 8¾pc 1997‡	74⅛	−⅛	11.88	12.39
72¼	60	Treasury 6¾pc 95-98‡	60½xd	−⅛	11.16	12.06
135⅞	117	Treas 15½pc 98‡	117	−⅛	13.31	13.14
100½	93½	Exch 12pc 1998	98½	−½	12.80	12.87
90½	77½	Treasury 9½pc 1999‡	80½	−⅛	12.15	12.46
96¼	83¼	Treasury 10½pc 1999	88	−⅛	12.53	12.73
96¼	94¾	Exch 12pc '99-02	94⅞	−⅛	12.84	12.88
42½	34¼	Funding 3½pc 99-04	36½	−⅛	9.86	11.16
80⅞	66¼	Treasury 8pc '02-06‡	66¼	−⅛	12.10	12.33
58⅛	46¾	Treasury 5½pc '08-12‡	46¾	−¼	11.89	12.15
76½	62½	Treasury 7¾pc '12-15‡	64⅞	−⅛	12.26	12.34
98½	93½	Exch. 12pc '13-'17	97	−½	12.81	12.80
		Undated				
37⅛	30⅛	Consols 4pc	32½	−⅛	12.76	—
37½	29¼	War Loan 3½pc‡	31½	−⅛	11.58	—
39¼	33	Conv. 3½pc '61 Aft.	34½	−⅛	10.18	—
28⅛	23½	Treasury 3pc '66 Aft.	23½	−⅛	12.87	—
24½	19¾	Consols 2½pc	20¼		12.38	—
24	19½	Treasury 2½pc	19½		12.79	—

INTERNATIONAL BANK

88	81½	5pc Stock '77-82	81½		6.14	11.01

CORPORATION LOANS

98¾	93¾	Birm'ham 9¾pc '79-81	94	−¼	9.83	11.77
94¼	88¾	Bristol 7¾pc '79-81	89¼		8.68	12.01
107	100¾	G.L.C. 12½pc '82	100½		12.44	12.29
112	100¼	Do 12½pc 1983	100¼		12.47	12.40
97¾	90½	Glasgow 9¼pc '80-82	91		10.17	12.11
94	90¼	Herts. 5½pc '78-80	91¼	−¼	5.72	10.94
102½	90½	Liverpool 9¾pc '80-84	95¼		10.62	11.91
29¾	25¾	Do 3½pc Irred.	26		13.73	—
99¾	88½	Lon. Corp. 9¾pc '84-85	88½	−½	10.48	11.75
97¼	94⅞	L.C.C. 6pc '76-79	95½		6.24	10.70
92½	84½	Do 5½pc '77-81	87¾		6.26	10.44
87½	76½	Do 5½pc '82-84	80		6.99	10.51
71½	65¾	Do 5½pc '85-87	70		8.07	11.36
78	66	Do 6¼pc '88-90	68		10.18	12.22
26½	22½	Do 3pc '20 Aft.	23½		13.15	—
93¼	91	Middx. 5¼pc 1980	92½	−¼	5.68	11.02
99½	94¾	Newcastle 9¾pc '78-80	95¼		9.66	11.76
106¾	100½	Warwick 12½% 1980	100½	−¼	12.44	12.13

COMMONWEALTH & AFRICAN LOANS

95¼	92½	Aust 5½pc '77-80	95		5.88	11.28
88¼	82¼	Do 5½pc '81-82	82½	−¼	6.68	11.83
100¼	96¾	N.Z. 4pc '76-78	100¼	+⅛	4.04	10.28
96½	92	Do 6pc '76-80	93¾		6.45	11.54
87¾	81¾	Do 7¾pc '83-86	82¼	−¼	9.39	11.51
95½	89¾	Sth. Africa 9½pc '79-81	90xd		10.49	13.34
70	50	Sth Rhod 2½pc '65-70	55	+1	—	—
96	75	Do 6pc '78-81	81	−1	—	—

LOANS

Public Board and Ind.

64½	58½	Agric. Mt. 5pc '59-89	61½		8.32	11.58
90½	80¾	Alcan 10½pc '89-94	85		12.94	13.35
33¼	27¼	Met. Wtr. 3pc 'B'	27½		11.04	12.77
154	107	U.S.M.C. 9pc 1982	139		6.64	—
95½	87	Do. without Warrants	92½		10.11	12.70

Financial

107¼	101	FFI 13pc 1981	101½	−½	12.81	12.17
110	101½	Do 14pc '79	101½xd		13.79	12.80
114½	102½	Do 14pc '83	108½	+¼	13.44	12.84
85	79½	I.C.F.C. 5¾pc Deb. '80-82	81½		6.75	11.00
81½	73¾	Do 6¾pc Deb. '81-84	78	−½	8.31	12.10
99	89½	Do 10¼pc Uns Ln. '86	93	−½	11.67	12.50
99¼	90½	Do 11pc Uns Ln. '88	94		11.99	12.50
101½	90½	Do 11¼pc Uns Ln. '90	96¼	−¼	12.66	12.95
71½	62½	Do 7¾pc A Deb. '89-92	66		11.47	13.05
71½	61	Do 7¼pc A Deb. '91-94	62½		11.60	12.80
84½	73	Do 9pc 'A' '91-94	74½		12.08	12.80
81¼	68	Do 8¾pc Ln. '92-97	71½	−½	12.75	13.35

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	.....	—	—
41	33	Do. 5pc Pref.	41	.....	—	—
98	98	Chilean Mixed	98	.....	—	£3.09
415	350	German Yng. 4½pc.	411	....	4½	—
54	46	Greek 7pc Ass.	52	.....	3½	£6.94
51	46	Do 6pc '28 Stab. Ass.	50	.....	6	£6.07
44	40	Do 4pc Mixed Ass.	42	.....	4	£4.83

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 29¼% (based on US$1.9930 per £)

Conversion factor 0.7395 (0.7324)

CANADIANS

S.E. List Premium 29¼% (based on $2.3586 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

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DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	[illegible]	170	.....	[illegible]	ϕ	21.4
24	15	[illegible]	17	.....	[illegible]	7.1	5.0
80	[illegible]	[illegible]	75	.....		—	—
[illegible]	[illegible]	[illegible]	35	.....	[illegible]	‡	16.5
17½	10	Zam. Cpr. SBD0.24	16	.....	—	—	—

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
104	70	Messina R0.50	74	.....	[illegible]	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
68	35	Barymin	55	+2	.....	—	—
17	9	Burma Mines 17½p	13			—	—
300	215	Cons. Murch. 10c	240		†Q30c	2.6	‡
465	245	Northgate C$1	400	−20	—	—	—
258	164	R.T.Z.	258	+2	9.5	2.8	5.6
90	30	Sabina Inds. C$1	54	−2	—	—	—
£12	750	Tara Expln. $1	943	−32	—	—	—
75	43	Tehidy Minerals 10p	75	.....	♦1.35	ϕ	2.7
165	120	Yukon Cons. C$1	155	+5	Q7c	2.9	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax free to non-residents on application.
- ● Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ≡ Not comparable.
- ♣ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✠ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 40

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv 20p	26	.....	Sheff. Refrshmt	63	.....
Ash Spinning	49	.....	Sindall (Wm.)	107	.....
Bertam	18	.....			
Bdg'wtr Est. 50p	330	.....			
Clover Croft	25	.....	**IRISH**		
Craig & Rose £1	520	.....			
Dyson (R. A.) A	37	.....	Conv. 9% '80/82	£90¼	−⅛
Ellis & McHdy	67	.....	Alliance Gas	73	+5
Evered	27	.....	Arnott	360	.....
Fife Forge	52	.....	Carroll (P. J.)	99	+4
Finlay Pkg. 5p	21	.....	Clondalkin	80	+5
Graig Ship. £1	148	.....	Concrete Prods.	130	.....
Higsons Brew	90	.....	Heiton (Hldgs.)	49	.....
I.O.M. Stm. £1	167	.....	Ins. Corp.	180	.....
Holt (Jos.) 25p	258	.....	Irish Ropes	105	.....
Nthn. Goldsmith	67	.....	Jacob	63	.....
Pearce (C. H.)	190	.....	Sunbeam	31	.....
Peel Mills	21	.....	T.M.G.	200xd	+5
Sheffield Brick	56	.....	Unidare	85	.....

OPTIONS

3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	39
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¾
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lofs"	4	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr.	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	45
E.M.I.	14	Do. Warrants	10	Burmah Oil	5
Gen. Accident	17	P & O Dfd.	8	Charterhall	3
Gen. Electric	18	Plessey	8	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	20
Grand Met.	9	Rank Org. 'A'	18		
G.U.S. 'A'	20	Reed Intnl.	12	**Mines**	
Guardian	18	Spillers	3		
G.K.N.	22	Tesco	4	Charter Cons.	12
Hawker Sidd.	20	Thorn	22	Cons. Gold	14
House of Fraser	12	Trust Houses	15	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday October 13 1978

Carter warns as Mideast talks start

BY DAVID BUCHAN WASHINGTON, Oct. 12.

PRESIDENT CARTER opened the historic negotiation today of a full peace agreement between Egypt and Israel, with a warning that a treaty between them would be only a first step toward a comprehensive Middle East settlement.

After the opening ceremony in the East Room of the White House, attended by some 200 Administration officials, Congressmen and diplomats, the Israeli and Egyptian delegations held their first negotiating session. U.S. officials, led by Mr. Cyrus Vance, the Secretary of State, also took part.

Mr. Carter repeated his invitation to Jordan and to the Palestinians of the West Bank and Gaza Strip to participate in negotiations for a wider settlement.

Neither has so far shown much willingness to do so.

The President warned that the alternatives were "drift, stalemate, continued enmity and perhaps war."

Fully committed

He stressed that the U.S. was totally committed to seeing Israel reach settlements with all her Arab neighbours. "We will work hand-in-hand with all involved parties until the job is done and peace is assured."

These two points of Mr. Carter were echoed in brief formal remarks by the leader of the Egyptian delegation, Mr. Kamal Hassan Ali, the Defence Minister, who said Egypt would encourage "other Arab parties" to join in the talks, giving full rights to all Palestinians.

He welcomed the U.S. commitment to the negotitions.

Mr. Moshe Dayan, Israeli Foreign Minister, leading his country's delegation, limited his remarks to hopes for speedy conclusion of a bilateral treaty with Egypt.

The length of the Egyptian-Israeli talks, expected by U.S. officials to be between two and three weeks, may depend on progress on the future of the Israeli-occupied West Bank and Gaza Strip, as much as the easier issue of Sinai.

The U.S. view, as stated by Mr. Carter earlier this week, is that the two problems, while not directly linked, are closely interrelated in the minds of all those who were at last month's Camp David summit.

The West Bank is certain to figure prominently in the talks here.

The Egyptian and Israeli delegations include a number of military advisers, as well as Defence Ministers, on both sides, to negotiate the details of the Israeli pull-back from Sinai, how it should be phased, and what permanent security arrangements between the two countries should be.

According to the Camp David framework agreement on Sinai, the terms of the peace treaty would be implemented over two to three years.

The Sinai framework agreement, which contains far more detail than that for the West Bank, restores Egyptian sovereignty over the whole of Sinai.

It provides for total withdrawal of Israeli troops from the area; allows Egypt to use Israeli-built airfields in Sinai, for civilian purposes only; and gives Israeli ships free passage through the Gulf of Suez and the Suez Canal.

Troop positions

Further provisions in the Camp David accord provide for stationing of Israeli and Egyptian troops on either side of the border, as well as UN forces.

The U.S. has agreed in a separate accord with Israel to help the Israelis build two new air bases in the Negev Desert as compensation for those given up in Sinai.

Reed negotiates sale of Australia stake

BY JAMES FORTH AND ANDREW TAYLOR

REED INTERNATIONAL, which has raised £66m this year through the sale of large parts of its South African and Canadian interests is now negotiating the sale of its 80 per cent stake in its Australian holding company.

If the sale goes ahead and negotiations to sell the rest of its Canadian interests are successful, Reed will have raised well over £100m through disposals in thep ast six months.

Reed would not reveal yesterday the identity of the prospective purchaser, who would have to mount an outright bid for the Australian subsidiary — Reed Consolidated Industries—but said that a full statement was likely to be made in the next few days.

RCI's share price is currently holding firm at A$2 and if a bid emerged at this level, Reed International's holding would be worth around A$40m (£23.4m). At the stated net asset value of $A2.30 a share, Reed's stake is worth almost £27m.

The British-based multinational has been attempting to reduce its mountain of debt over the past 18 months through a series of disposals mostly of overseas assets.

So far this year, Reed has sold its 63 per cent stake in its South African packaging subsidiary Nampak for £39m, and has raised a further £27.3m through the sale of joint venture interests in British Columbia. In addition, the parent group has bought the decorative products interests of its Canadian subsidiary for £17.1m.

Now the group is negotiating the sale of the rest of its Canadian interests as well as its major Australian holdings.

Principal activities of the Australian subsidiary — which also operates in New Zealand, the Middle East and California—are in paper, packaging, building products, publishing, leisure and irrigation. In the past five years, net profits have grown from A$2.8m (£1.6m) to A7.1m (£4.1m) in 1977.

However, in the first six months of the current year, profits went into reverse, falling 37 per cent to just under £1m.

Meanwhile, the group says that negotiations are proceeding with a number of suitors—including, it is thought, Bloedel, Canada's largest forest products group—interested in the remainder of its Canadian operations.

Daily Telegraph talks break down

BY PAULINE CLARK, LABOUR STAFF

THE DISPUTE at the Daily Telegraph worsened last night when 240 London printers said they would not meet again for at least another week.

The paper, whose London editions did not appear this morning for the eighth day running, said last night that it was considering its financial future following the latest breakdown in talks.

Some 8½m copies have been lost in the dispute which is over pay and industrial relation procedures. This is in addition to its loss in the first nine months of this year due to industrial action of more than 15m copies. Only the Sun has lost more copies, over 76m, this year.

The dispute initially centred on a comparatively minor pay issue affecting only 24 members of the National Graphical Association operating photo transmission equipment. But it developed this week into a confrontation of much wider significance to the industrial relations problems in Fleet Street.

In rejecting a management proposal for full-time union officials to be involved in discussions on observance of disputes procedures, the NGA stated yesterday it was determined to stand firm on its principle that newspaper [illegible] first set their [illegible] in order with local chapels (union branches).

This position has also proved a major obstacle to the efforts of Times Newspapers to bring together all the print unions at national level to co-operate in drawing up a reformed industrial relations system of its own. The paper has set a November 30 deadline for suspension of all its publications if agreement is not reached by then.

Union officials declared the Daily Telegraph dispute official on Monday after management said it would not pay NGA members in full for a period when they acted in support of the telephoto group. They had refused to handle editorial material which would have normally come through that department.

More than 25 hours of talks between management, chapel officers, NGA national and regional officials, and representatives from the Newspaper Publishers' Association have failed to provide a solution.

Apart from the disagreement over who should take part in formulating a new disputes procedure and the pay issue affecting telephoto printers, the dispute has also involved talks over extra pay for NGA members for handling catch-up material when the London edition reappears.

Pilots told to black jets in safety dispute

BY LYNTON McLAIN

IMMEDIATE action to black British Airways aircraft may be taken without warning by pilots on domestic and European flights after a "deplorable deterioration in the technical state of the aircraft," the British Airline Pilots Association said in a letter to the airline's pilots yesterday.

Captain Roy Hutchings, chairman of BALPA, said that so far none of the aircraft flown by British Airways had been unsafe.

British Airways said last night that it did not compromise on safety. There were regulations laid down by the Civil Aviation Authority and the airline and if an aircraft was in any way unfit it would not be flown.

The airline said that two or three aircraft a day had been grounded as a result of an overtime ban by engineers and a strike by record clerks at Heathrow Airport London. There had been "tremendous problems" with the servicing of towing tractors and there were long delays in getting aircraft moved for servicing.

The issue of an alleged decline in the technical state of aircraft was first raised by BALPA in March, but British Airways had offered only "insulting excuses," the pilots' letter said.

The pilots' association said the time for talking was past. The directive from BALPA's national executive council could mean the immediate grounding of an aircraft.

There would be no advance warning and any blacked aircraft would not be flown by any BALPA pilot until the association was satisfied that a defect had been corrected. The pilots would have the complete backing of the association if in their opinion an aircraft should not be flown.

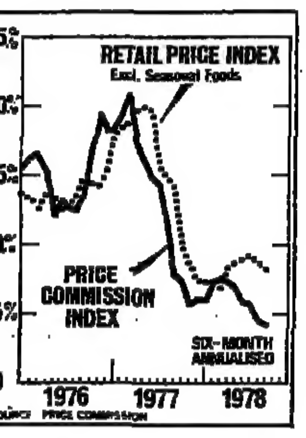
British Airways engineering and maintenance staff have banned overtime for over a week. The dispute is understood to be over the unwillingness of British Airways management to meet the engineers' request for parity with engineers at British Caledonian Airways.

The ban has delayed essential maintenance on aircraft, particularly for long-haul flights. Maintenance engineers are finishing their shifts regardless of whether maintenance work has been completed. The new shift has to go through the paperwork from scratch, delaying maintenance.

The strike by 31 women in the records office has restricted the flow of spare parts for aircraft maintenance at Heathrow. Maintenance engineers have refused to cross the clerks' picket lines and spare parts and fuel for engine testing has been held up.

Rolls-Royce Spey and Tyne engines on Tridents and Vanguards, which would normally be removed for routine testing, are now tested in the aircraft. They are taken to a distant part of the airfield and the shortage of tractors resulting from the overtime ban has meant serious delays.

British Airways said last night that it was seeking urgent meetings with the engineering unions.



Price rise rate improves slightly

By David Churchill, Consumer Affairs Correspondent

A FURTHER boost for the Government's hopes of keeping the annual inflation rate within single figures came yesterday from the latest index of price rises notified to the Price Commission.

The Commission's index for September revealed that price rises notified over the previous six months were running at 4.2 per cent expressed at an annual rate. This was slightly better than the August rate of 4.4 per cent and a substantial improvement on the July figure of 5.8 per cent.

The index is a reliable guide to future retail price rises since it reflects price increases notified to the Commission for implementation over the next few months.

Under the Government's prices legislation, all manufacturing companies with a turnover in excess of £15m have to give the Commission 28 days notice of intended price rises. This also applies to service companies with a turnover above £12m.

The current rate of price inflation will be revealed today when the September Retail Price Index is announced. The RPI includes price changes—such as those for fresh foods and mortgage rates—which are not included in the Price Commission's index.

But Mr. Charles Williams, Commission chairman, said yesterday that statistical work carried out by the Commission showed that correlation between the prices covered by both its index and the RPI showed "a good fit." The Commission's index was usually three months in advance of the effect on the RPI, he added.

He emphasised that the divergence between the indices was due to the inclusion within the RPI of items whose price increases were not notified to the Commission. "If we were to compile an index just of these items, there would be a large movement downwards throughout 1977 and a movement upwards of equal sharpness so far in 1978," he said.

Engineers put in 33% claim

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT faces another big challenge to its 5 per cent pay policy from 2.5m engineering workers. They have submitted a claim for 33 per cent on basic rates.

Mr. Hugh Scanlon, president of the Confederation of Shipbuilding and Engineering Unions, yesterday took the workers in 19 affiliated unions in to the fight against the pay guidelines.

After the national executive meeting of the confederation in York, Mr. Scanlon laid down an uncompromising challenge to the Government. "We do not recognise Phase Four. Individual unions are being recommended to proceed at the appropriate time with domestic claims on the basis of free collective bargaining."

The Government will enjoy some breathing space at national level on the claim, because the engineering unions are prepared to respect the 12-month rule and honour the present agreement until it expires next April.

But shop stewards in individual companies are already lodging plant-level claims of up to 20 per cent under the industry's two-tier bargaining structure.

The minimum rates negotiated by the Confederation for 1.25m workers in Engineering Employers' Federation-affiliated companies are improved on in plant-level agreements to fix real wages levels.

The national claim which will be submitted immediately, is in line with those drawn up at the national committee of the Amalgamated Union of Engineering Workers and the confederation's annual conference.

It calls for a basic scale increase from £60 to £80, a reduction in the working week to 35 hours, and a one-week improvement in holidays to five weeks a year.

Present rates for the engineering industry stem from a two-stage Phase Three agreement which raised the skilled rate in April from £42 to £57, and the lowest rate from £32.60 to £43.

The second stage, which came into force at the beginning of this month, took the skilled rate to £60, and the unskilled rate to £45.

But many engineering companies are likely to have, perhaps, only 2 to 3 per cent to offer workers this year. This is because of the Department of Employment's insistence that wage agreements concluded since August 1 must be offset against the Phase Four pay limit.

Mr. Scanlon said the EEF had sent letters to its 6,000 member firms urging acceptance of the 5 per cent guideline.

Engineering employers estimate the overlapping from Phase Three through plant bargaining affects about two-thirds of EEF-member firms.

Workers at Renold car components factory, Coventry, are in the fourth week of a strike because the national agreement's second stage has taken up 1.5 per cent of the wage bill, leaving only 3.5 per cent for Phase Four. They have submitted a plant-claim for pay increases and a reduction in hours which management estimates is worth a 20 per cent increase.

CBI chief issues pay limits warning

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A WARNING that the Confederation of British Industry would totally oppose any attempt by the Government to enforce its pay limits through stricter price controls was issued yesterday by Sir John Methven, the confederation's director-general.

The idea of using price controls emerged from a meeting of the TUC's economic committee on Wednesday—but yesterday Sir John said the result would be a "slow strangulation" of business.

"We are totally opposed to controls which interfere with market forces. It is quite extraordinary to propose freedom on wages bargaining for unions, along with price controls of this sort on companies," he added.

If the Price Commission was told by the Government to stop price rises as a sanction against companies exceeding the pay limit, the result would be a "star chamber" process.

"A Price Commission turning the screw on business when profitability is low will lead, as sure as night follows day, into a vicious circle and a further downturn of the economy."

The Confederation's general proposals for the future of the Government's pay policy will be debated at its monthly council meeting next Wednesday. Then, a few days later, there will be talks with Mr. Denis Healey, Chancellor of the Exchequer.

Sir John claimed yesterday that it was still realistic to hope that pay settlements would continue to be struck at around 5 per cent, even though some companies, notably Ford Motor and British Oxygen, were willing to pay more.

The confederation's pay data bank is continuing to record a majority of settlements at around 5 per cent, following claims in the region of 20-30 per cent. But it is too early to assess the impact of last week's Labour Party conference and the Ford and British Oxygen developments on individual companies' negotiations.

Sir John added that he recognised that the need for flexibility in pay bargaining would lead to some high rises being agreed. But the confederation still believed that settlements of around 5 per cent should be the target —although without any Government coercion. The result would then be a total earnings rise of around 7 per cent with inflation being kept in single figures.

Continued from Page 1

Sir Keith's warning

ing, and it would encourage effort and enterprise in every way it could.

He launched a strong attack on overmanning in industry and claimed that nearly every action under the Government's industrial strategy involved a subsidy from the taxpayer towards overmanning.

Although Mr. Heath has been the only leading Tory to come out openly in opposition to the policy trends, there are indications that some members of the shadow Cabinet are nervous about the way policy is developing. They are particularly critical of Mrs. Thatcher for committing the party during a television interview on Tuesday to the abandonment of incomes policy in the private sector.

But Mr. Heath, addressing a Bow Group fringe meeting in Brighton before returning to London, was left in no doubt that many Tories believed he could have harmed the party's electoral prospects by disagreeing so publicly with Mrs. Thatcher's view that the government should keep out of wage negotiations.

Continued from Page 1

Prime rate

with support by the Swiss authorities, helped the dollar to recover in foreign exchange markets after it had fallen sharply in early trading.

Reflecting the pressure on the dollar in nervous early dealings, the pound briefly moved above the $2 level for the first time since August 15, while the West German D-mark went to a record high of DM 1.8560 to the dollar.

The dollar later picked up to end the day at its best levels

THE LEX COLUMN

Casualties of the currency upset

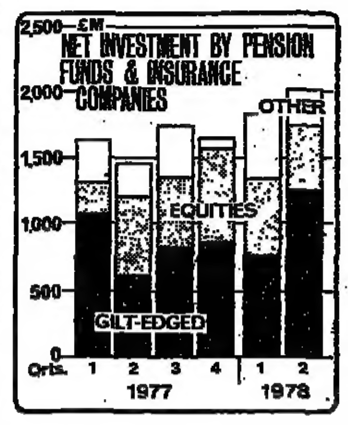
An air of somewhat unreal crisis was enveloping the money markets yesterday. There was never any chance of the nervously rumoured rise in MLR at 12.30 pm, but the discount houses are battening down the hatches. Until recently it has seemed unlikely that the authorities would come under any serious pressure before, say, the second half of November: at that stage, a new level for MLR could be chosen in the light of the updated Treasury economic forecasts and the second half money growth target. But the international currency crisis is now putting the heat on: at today's Treasury bill tender the rate is likely to rise to above 9½ per cent which would have led to an increase in MLR under the old formula. No immediate consequences will follow now that MLR is an administered rate. All the same, U.S. prime rates hit 10 per cent yesterday, and the Dutch bank rate followed the Belgian lombard rate upwards as the minor snake countries struggled to keep up with the D-mark.

Nowhere was the impact of the currency crisis more obvious than in the Eurosterling bond market. Already dead to all would-be borrowers since April, it has now fallen off the slab. Since the beginning of this month the prices of the 16 outstanding issues have fallen by an average of five points—and a number fell by a point in the course of yesterday alone. There is a jaundiced view abroad of the outlook for British inflation and interest rates.

The Sears bond is representative. The movement in price over the past fortnight has jerked the redemption yield from 11½ to 12½ per cent, which is only marginally below the yield on the equivalent gilt. But it is still not enough for dealers who have seen their short term Eurosterling financing costs go from 12¼ to 13¾ per cent, over the last four weeks.

Institutions

The full second quarter figures for investment by insurance companies and pension funds illustrate the underlying problem of the long-term capital market: gilt-edged have been absorbing a higher proportion of cash flows, at rapidly rising real interest rates. In the second quarter, for instance, private sector pension funds put more into gilts than into equities and property combined — though the latter would be normally regarded as more suitable investments for this type of fund.



Taking all the insurance companies and private and public sector pension funds together, with a grand total inflow of just over £2bn in April-June, the figures show that investment in company securities at £498m, was the lowest for five quarters, reflecting the scarcity of rights issues and the unwillingness of fund managers to chase prices higher. Meanwhile some £1.27bn went into Government and local authority securities.

The third quarter figures, however, are likely to show a strikingly different picture — after the beginning of July the institutions became saturated with gilts and began piling up cash which had generally been run down in April-June.

Debenhams

If you disregard Caters, the food retailers, and the photographic chain Greens, which between them lost £1.2m, Debenhams looks to have had a useful first half. Department store operating profits were probably up by something like a quarter on a sales increase of around 15 per cent.

A number of sale and leaseback arrangements in the second half will raise £11m and continue the work of patching up the balance sheet, replacing borrowings with future rent liabilities. It was very largely the reduction in the cost of finance resulting from last year's sale and leasebacks that put first half earnings per share up 92 per cent (but profits are overwhelmingly weighted towards the year-end). The bad performance by Caters and Greens in the second half of last year—a loss of around £2½m—will be flatteringly reflected in this year's second half figures if, as the company expects, these two combined break even this time.

There are several reservation, however. Caters does not seem to have exciting growth prospects, to say the least. Debenham's accounting principles, moreover, are far from being conservative; it does not yet provide for depreciation on buildings, and profits on sales of fixed assets are taken in above the line, effectively offsetting closure or start-up costs. Not everybody is happy with the widespread sale and leaseback transactions, nor with the system of taking profit on credit sales (no 26 per cent of turnover) as soon as the sale is effected. The consumer boom has had no dramatic impact on Debenhams and may not last.

Although the shares now yield around 9.3 per cent and pre-tax profits for the full year may exceed £25m (£28m last year including £11.6m of exceptional items), a substantial re-rating is unlikely, if only because uneasy holders may treat a rise in the share price as an opportunity to sell.

Non-premium bonds

Henderson Administration has just followed half a dozen other investment trust groups in exploring the new avenue for investment abroad which opened up in January when the Bank of England announced that foreign currency borrowings for investment in certain EEC bonds might be taken at the spot rate. The managers' idea is that securities at present held through the premium should, over the next five years, be gradually refinanced through back to back loans—the backing, in this case, being provided by EEC bonds denominated in the same currency rather than, as is now customary, by British sterling gilts.

Obviously this technique will limit the currency exposure, as well as cutting down the risks implicit in the premium. However, there are potential snags —notably that a trust might have to pay a lot more on its borrowings than it can earn on its bonds.

Weather

UK TODAY

DRY and warm.

London, S.E., E., Cent. S., N.W., N.E., Cent. N. England E. Anglia, E. and W. Midlands
Fog clearing, dry, sunny periods. Max. 21C-23C (70F-73F).

Channel Is., S.W. England, Wales
Fog patches early, dry, sunny periods, cooler on coasts. Max. 20C-22C (68F-72F).

Lake District, Borders, Edinburgh and Dundee, S.W. Scotland, Glasgow
Fog clearing, dry, sunny periods. Max. 18C-19C (64F-66F).

Isle of Man, Ireland
Fog early, dry, sunny periods. Max. 17C-18C (63F-64F).

Aberdeen, Cent. Highlands, Moray Firth, Argyll, N.E., N.W. Scotland
Mainly dry, sunny periods. Max. 16C (61F).

Orkney, Shetland
Rather cloudy, some showers. Max 13C (55F).

Outlook: Mostly dry, becoming cooler.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstrdm.	S	15	64	Madrid	C	20	68
Athens	S	24	75	Manchstr.	C	21	70
Barcelona	S	21	70	Melbourne	C	27	81
Belfast	S	15	59	Mexico C.	C	18	64
Belgrade	S	19	66	Milan	F	14	57
Berlin	S	21	70	Moscow	C	3	37
Birmghm	F	20	68	Munich	C	11	52
Bristol	S	22	72	Newcastle	S	21	70
Brussels	S	19	66	Oslo	C	9	48
Budapest	S	21	70	Paris	S	20	68
Cardiff	C	18	64	Perth	F	16	61
Cologne	S	19	66	Prague	C	11	52
Copnhagn.	S	16	61	Reykjavik	C	8	46
Dublin	C	17	63	Rome	S	25	77
Edinb'gh	S	17	63	Stockholm	C	10	50
Frankfurt	S	17	63	Strasbrg.	D	11	52
Geneva	C	11	52	Sydney	F	26	79
Glasgow	F	15	59	Tel Aviv	S	27	81
Helsinki	S	13	55	Vienna	S	19	66
Lisbon	C	20	68	Warsaw	S	13	55
London	S	23	73	Zurich	C	11	52
Luxmbrg.	C	11	52				

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	21	70	Istanbul	F	20	68
Algiers	S	26	79	Jersey	S	19	66
Biarritz	S	24	75	Las Plms.	F	24	75
Blackpool	C	19	66	Locarno	S	20	68
Bordeaux	F	21	70	Majorca	F	25	77
Boulogne	S	18	64	Malaga	R	16	61
Casblnca.	C	22	72	Malta	C	22	72
Corfu	S	27	81	Naples	S	23	73
Dubrovnik	S	24	75	Nice	S	24	75
Faro	C	19	66	Oporto	C	19	66
Florence	S	24	75	Rhodes	S	24	75
Funchal	C	22	72	Salzburg	S	14	57
G'braltar	F	19	66	Tangier	S	25	77
Guernsey	F	18	64	Tenerife	S	19	66
Innsbruck	S	19	66	Tunis	F	24	75
Inverness	S	13	55	Valencia	C	22	72
I. of Man	F	16	61	Venice	S	21	70

S—Sunny. R—Rain. F—Fair. C—Cloudy.

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